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*a constructive policy
for Britain*

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THE REVIVAL OF AGRICULTURE

A CONSTRUCTIVE POLICY

for **BRITAIN**



THE CULTIVATOR

THE REVIVAL OF AGRICULTURE
A CONSTRUCTIVE POLICY
for **BRITAIN**

*Prepared by a Committee of the
Rural Reconstruction Association*

*With a foreword by
Lord O'Hagan and Michael Beaumont, M.P.*

*and an illustration by
Elizabeth ~~Hike~~ Jenkins*

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FOREWORD

THE importance of this book to the nation to-day depends on two quite simple things.

The first that every social and economic problem from Unemployment to War is linked up with the revival of agriculture, and none can be dealt with until that question is solved. Such a revival is therefore of fundamental importance to the nation.

The second that this particular problem of the revival of agriculture is very little understood. Indeed, whilst very many books and reports have been issued in recent years disparaging proposals for the restoration of agriculture to its proper place in our national life, not one, so far as we are aware, has been issued in the last twelve years giving the case for this restoration. The public is therefore uninformed of the material facts. This book gives the information that is needed.

There is another point that deserves to be mentioned here. The simple way in which the book is written, whilst it disarms criticism, may give the impression that the analysis is superficial and therefore the conclusions incorrect. It is therefore important that readers should understand that the Rural Reconstruction Association has been dealing continuously with this problem for eleven years, during which time the Executive Committee, meeting once a month, has given detailed attention to every aspect of the question either as it arose or more

often in advance. Careful inquiries on all features of the problem have concurrently been made in this*and other countries and we believe that no aspect of the subject has been left unexplored. No investigation of this character has, so far as we are aware, ever been made into this or any other social or economic problem.

We have no hesitation in recommending the book to the nation.

O'HAGAN, *President,*
MICHAEL BEAUMONT, *Chairman of Council,*
Rural Reconstruction Association.

May 1936.

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PART ONE
INTRODUCTORY

CHAPTER I

THE PROBLEM IN HISTORY

OUR reason for approaching the subject first from the historical standpoint comes from a belief that it is only from the study of history that we can secure a right perspective. We doubt whether investigations of current conditions alone lead to solutions, whatever their value in other ways. Conditions vary in every country and change every day; there is nothing which the mind can take hold of, and their study may, if widely extended, tend to superficiality and even to intellectual chaos. On the other hand, the historical method of inquiry—the tracing of matters to and from their origin—should result in seeing the problem as a growth, rather than as an incident in current life. A clear picture is thus obtained and the principles that govern social life in all time emerge. Moreover, the mind so equipped, seems to turn naturally from looking back to looking forward. We suggest then that the study of our social problems should be in time as well as in space. Or, to state the same point in a different form, it is from a study of origins that we secure results.

This study of origins is always illuminating. Students of the twin problems of employment and of unemployment—work and leisure is a better phrase—will be well advised to look back at primitive society and meditate

on the two problems as they must then have arisen: thereafter they should trace in outline the developments that occurred in the growth of civilisation. This done, a solution will occur to the mind.

It is, however, not necessary to go back to primitive society to get a clear grasp of the special problem that we have to deal with in Britain's agriculture to-day, for the origin of that problem is comparatively modern. The trouble arose, we suggest, in the eighteenth century when, behind the smoke screen created by religious hysteria, our national economic policy was turned into a new channel. It ceased to be controlled by the realism that had prevailed up to Tudor times, and began to be influenced by abstract ideas which became more and more powerful as generations passed. To-day the nation is returning once more, unconsciously perhaps, to a realistic outlook. So inspired we come quite naturally, without perhaps thinking much about it, to the adoption of the same economic policy that the earlier realists had employed: the fixing of prices and wages, the control of distribution, the regulation of imports, the balancing of supply and demand, the provision of funds for constructive work, and the development of Land Settlement for the unemployed. Although plans for dealing with these particular issues seem to many to be new, they are not so. Such plans are constantly found in earlier social systems when realistic ideas governed economic policy, and their practical working can be studied in this country in Tudor times and indeed earlier.

The suggestion recently put forward that the various

branches of industry should be controlled functionally by Federations is also the natural outcome of realistic methods of thought, and can be studied in English history in the life and work of the Guilds.¹

The same realistic outlook when applied to the proper use of leisure also leads us to see the value of music, pageants and plays, and a rich social life in the countryside, and therefore to advocate their revival.

We can begin with advantage our study of realistic economic policy by considering its results in country life, as it was in the times of Queen Elizabeth, before the great change in our economic system came about.

The cultivators of the land, freed from feudal dominance, were at that time in the main free peasants: they were not, as they became later, under the control of the financiers, the traders, and the larger landowners and farmers. Further, although the power of the Catholic Church had weakened, much of its beneficial social influence remained. Holy days remained as holidays, and there were many of them: on an average, perhaps, one a week. The dour influence of Puritanism had not yet spread through the villages, and the importance of cultivating the gentle art of happiness was recognised. Under these conditions, the free peasant, finding that he could easily produce, in a few days in every week, more material wealth than his simple needs demanded, was dealing with the problem which to-day we call

¹ The Guild system was never extended to agriculture; the village farms were, however, largely controlled by a communal system, which, like the Guilds, had a functional basis. See also p. 107.

“over-production,” by cultivating both leisure and pleasure. “This fellow is wise enough to play the fool,” says Shakespeare. Fynes Moryson, writing early in the seventeenth century, tells much of the English village life, with its sports and pastimes, in which all classes took their part. “What,” he quaintly writes, “shall I say of daunsing with Curious and rurall musicke, frequently used by the better sort, and upon all hollydayes by country people daunsing about the Maypooles with bagpipes and other Fidlers, besydes the jollityes of certain seasons of the yeare, of setting up may-pooles daunsing the morris with hobby horses, bringing home the lady of the harvest, and like Plebean sportes in all which vanities no nation commeth any thing nere the English.”

Free then from the controls that had dominated his life in the past and were to dominate him in the future, the natural Englishman was building up in the countryside his natural life. This life was undoubtedly in many aspects crude and barbaric, and it is not necessary to be enthusiastic about it. But it is useful to visualise it, for it had certain important characteristics which depended, as the life of a community always must, on the economic policy of the nation, and it is this that we have to examine.

The traditional English policy, interwoven with ethical considerations, was, consciously or unconsciously, directed to protecting the interests of the producer and consumer: the financier and the trader were to be their servants and not their masters. It was concerned in creating material wealth, but it gave due importance to spiritual wealth;

it recognised the importance of the health of the people and their happiness in their work and play.

In pursuit of these ideas trade and industry were controlled, and it is the form that this control took which deserves special and careful study. It was customary to regulate wages and also to fix prices at a fair level—to maintain the just price as it was called in those days, the standard price of to-day. Next, the problem of distribution was dealt with, crudely and drastically, and not in the scientific way that we now propose to introduce. The dealer, the man who merely bought at one price and sold at another, and so upset the economic system, was liable to be fined, imprisoned, put into the pillory, and even expelled from his home. The farmer could sell his wheat to the miller, the miller his flour to the baker and the baker his bread to the public at regulated prices. Overseas trade, though much of it differed fundamentally from trade in its modern form, being rather of the nature of an adventure or gamble, might also be regulated with a view to equalising supply and demand. The lender of money, the predecessor of the banker, was even more strictly controlled than the dealer. The peasant, a producer of wealth, was protected. Although there was considerable enclosure of the communal village farms, enclosure had no support from the Government, and was in fact restricted when it became too frequent.

No doubt the economic problems were simpler than they are to-day, but in their main outline they have not changed. The point to see clearly is that they were

approached from a different viewpoint, the policy was realistic. Although at the end of the reign of Queen Elizabeth this realistic policy was losing some of its directing force, it was not until the following century that definite changes began.

It was the development of the gaiety and leisure of the country people that seems first to have disturbed the rulers of European countries and probably those of England. The cultivators of the land ought to work harder and produce more. Fynes Moryson defines this outlook, translating thus a Latin tag:

The country clownes do best when they do weepe
And worst when they in plenty laugh and sleepe.

This, we gather, was becoming the rulers' outlook.

Inspired maybe in the main by this idea, although also influenced by the Puritan prejudice against pleasure, sports, cruel and otherwise, were forbidden in this country, maypoles were pulled down, acting was a sin, dancing was discouraged, singing was to be limited to psalm singing. Saints' days ceased to be holidays: "it was considered lawful," says Markham, "to be well occupied on holydays," and the six days' working week began. Moreover, whilst in many parts of Europe the free peasantry was being re-enslaved, in England a different policy was pursued. Enclosures were no longer discouraged, and so the free peasants, deprived of their land, began to be degraded into labourers. All these points should be noted, without the dangerous element of sentiment which destroys judgment, as the outward

signs of a change of economic policy. In the later policy, reflected in its emphasis on the desirability of hard work rather than happy living, we may find, if we examine it closely, the origin of the modern problem of "over-production."

Another important change of economic policy has to be noted. Up to the seventeenth century control by finance had been feared and the lender of money at interest was looked on as the enemy of the people. Calvin, however, had attacked the Catholic teaching against usury, and had gone some way to defend interest. His view was developed with the growth of Protestantism and even seems to have been accompanied by a tacit alliance between the Protestant and financial interests. In any case it is clear that, from about the middle of the seventeenth century, the lending of money at interest was not being treated as a social evil; one outcome was the establishment, towards the end of that century, of the Bank of England. From that time until the present day, finance has steadily increased its power, sometimes no doubt for better, and sometimes for worse.

In the next—the eighteenth—century we find all these tendencies growing stronger. The English peasant was being degraded into a labourer and joy was being taken out of country life: work, not life, was to be the main thing. Concurrently, finance was increasing its power. But the more spectacular change that came in the eighteenth century was the growing dominance of the dealers and other traders, the men who bought at one price and sold at another and thus undermined the idea

of a just price as between the producer and the consumer. The truth that trade was a two-edged tool that might do good or evil was being forgotten and in its place it began to be argued that as an exchange of goods and services it was from its very nature bound to be beneficial. Dealing began to be defended. Adam Smith who, like many of his followers, based his economic theories on unproved dogmas rather than on facts, asserted, in opposition to the popular view based on experience, that "Dealers are no more to be feared than witchcraft." Under the influence of such ideas the policy of supporting the economic price-level by regulating distribution gradually dissolved.

At the same time opposition arose to the traditional policy of fixing rates of wages and a bill introduced into Parliament in 1795 to secure a minimum rate was defeated. Thereafter a system of family allowances, first introduced by magistrates at Speenhamland in Berkshire, was adopted in many parts of England and continued until abolished by legislation in 1834. From that time onwards it became a general practice to leave wages to be settled by bargaining between farmers and labourers.

In the last year of the eighteenth century Pitt, following Adam Smith, persuaded the Government of the day, whilst import duties were retained, to withdraw its support to restrictions on internal dealing. Price regulations also disappeared about that time and as a general result prices fluctuated to an extraordinary extent. A chaotic period prevailed in rural life for the first forty years of the nineteenth century. Enclosure

and appropriation of the peasants' farms continued, with the result that almost everywhere the modern system of landlord, tenant and labourer became established. Dealers and traders spread over the countryside. Bankers and other lenders of money became established in most market towns of importance: everyone was tempted to run into debt. It became also a common custom for bankers to create and control their own money by issue of their own bank notes; this practice gave them a peculiar power. The position of the traders and dealers was strengthened by a banker's practice of financing those classes, who then in their turn lent money to the farmers at high rates of interest. Traders and financiers thus secured control of the situation: the producers became, to a large extent, their servants.

The confusion was so great that in the forties the country was brought to believe, by skilful propaganda, that the central evil was not the dominance of the financier and trader, but arose from the import duties. In despair the removal of the duties was accepted by the nation. This secured both internal and external freedom to trade. The result, the country had been assured, would be the fixing of prices at an economic level. Wheat prices, the farmers were told, would settle down round about 45s. a quarter: in fact in the half century following the abolition of the Corn Laws they varied between about 17s. 6d. and 100s. a quarter. From that time onward prices were left to take care of themselves. The view put forward at that time in support of this policy deserves to be stated since it is still widely believed. Prices, it

was said, interlocked with supply and demand on which they depended, whilst such fluctuations in price as took place would regulate automatically the supply and the demand. As a result, it was argued, both prices and supply and demand, controlled by economic laws, would automatically adjust themselves. It does not seem to have occurred to the theorists of that time that various things affect prices besides supply and demand, whilst other things affect supply and demand besides prices. The law of supply and demand, as it was called, is a myth, but it was myths that controlled economic thought in the nineteenth century, and it was to this myth that agriculture was sacrificed.

Although, as a result of complete free trade, prices fluctuated wildly, and the dealers, traders and financiers steadily strengthened their position, farmers did not, for nearly half a century, suffer unduly; prices in all branches of agriculture fluctuated up and down, but there were always, or almost always, some branches of agriculture in which profits were good, and so some chance of making money, of which the more versatile farmers took full advantage. Moreover farmers were able to base their economic life on the presence of a mass of semi-serf, highly skilled, grossly underpaid, and incredibly hard-working labourers. Nevertheless, this poverty of the land worker and the corresponding poverty of the workers in the towns, whilst it undermined the home market did not in itself undermine, as it might well have done, our economic life. Indeed, the evil was not even detected, for the loss of home trade was more than

counterbalanced by the rapid development of overseas trade: whilst the emigration of that part of the population that would otherwise have drifted into permanent unemployment, alleviated the situation. It was not till the last quarter of the nineteenth century that the policy adopted in the first half had its full effect and there was a collapse in agriculture.

In the first decade of the present century a new wave of thought began to emerge. It indicated a return to realism. Its outward signs in the countryside were the passing of the Acts for resettlement of the people in small holdings and the foundation of the Agricultural Organisation Society. This Society attempted, without sufficient knowledge of the subject, and so without much success, to undermine the power of the trader and the financier and to apply co-operative methods amongst producers to organise agricultural marketing and finance. The whole problem was faced in a more practical way by an organisation called The Land Club Union, which consisted of a federation of local organisations or clubs of land workers. This organisation stood primarily for land settlement, but had for its intellectual background the policy laid down in 1925 by the Rural Reconstruction Committee, and now being adopted by the nation, that is to say, the regulation of wages, the introduction of standard, or as they were then called "just" prices, the scientific organisation of distribution and the regulation of imports. Concurrently came a movement for the revival of social life in rural England. We were swinging back, in the world of thought at any rate, and to some

extent in action, to the traditional outlook of the nation.

The ideas that germinated in the first decade of the century began to show fruit in the later years of the Great War. Minimum prices were guaranteed for wheat and oats, and wages were regulated. Agriculture, the country was told, was never again to be allowed to sink into the background of national life. Further, immediately after the War, land settlement, especially of ex-service men, was started on a large scale. This policy did not, however, accord with the financial policy of the nation, and in 1921 it was reversed. Agricultural development was no longer to be encouraged; and both guaranteed prices and regulated wages were swept away. Although the regulation of wages was reintroduced in 1924, there was no corresponding fixing of prices and no policy for the development of agriculture as a whole. As a result the million or so of our workers who might have been absorbed into agriculture remained permanently unemployed, as emigration, which might have drawn off this surplus, was stopped by restrictions in other countries.

Nevertheless the intellectual movement for rural revival continued. Various books and pamphlets explaining the agricultural problem and giving constructive and realistic policies were published. Of these perhaps the most important were *Agriculture and the Guild System*, published in 1923,¹ and the *Report of the Rural Reconstruction Committee*.² This report remains even to-day

¹ Issued by the National Guilds League: King & Son.

² Issued under the title 'A National Rural Policy': Noel Douglas.

the most comprehensive analysis of the position, and its price fixing and marketing proposals have formed the basis of subsequent Government policies. The Rural Reconstruction Association was formed in 1926 to secure national adoption of the proposals put forward in the report. Four years later, as a result of intensive propaganda, these ideas were soaking into the minds of politicians and were later embodied in a somewhat tentative form in the various Acts of Parliament, Marketing Schemes and Administrative Orders adopted in the years 1931-35, and in a more complete form in the Wheat Act of 1932.¹

At the time of the Ottawa Conference in 1932 the Government indicated that they were prepared to give the British farmer the first claim on the home market, and in the following year Mr Walter Elliott, the Minister of Agriculture,² announced that his agricultural policy was directed to absorbing a large section of the unemployed and to securing occupation for an additional million workers on the land. Here, however, it seems he did not have the support of other members of the Government who apparently were not prepared to adopt a comprehensive policy. Nor did they face the problem as a whole. Though there had been much important investigation of details, especially of marketing of food products,³ there was no investigation of the agricultural

¹ See Appendix, note 1.

² The Rt. Hon. Walter E. Elliott, M.C., F.R.S., Minister of Agriculture, 1932-6.

³ See in particular the *Orange Books* on marketing issued by the Ministry of Agriculture.

problem as a whole, an obvious essential to success, whilst no suitable and comprehensive form of organisation was constructed. Indeed everything in the years 1931-35 appears to have been carried out in a curiously haphazard way. The marketing legislation was operated in a tentative and piecemeal manner and dealt directly only with wheat, milk, hops, potatoes and bacon. Later a subsidy was given to fat stock. Concurrently the Government, reverting to an older policy, gave protection by means of tariffs, varying in amount from time to time, to agricultural products with certain specific exceptions. Of these exceptions the most important are live animals, beef, mutton, pork and bacon, wool, flax and certain hides and skins. Preferences or exemptions from duties were given to imports from the countries within the Empire whilst, on the other hand, temporary special duties were imposed on imports from Ireland. At the same time imports were regulated under various agreements with the exporting countries.

The action taken appears to have aimed at supporting the position of the farmers concerned in production of specific commodities, and did not deal with agriculture as a whole. Nevertheless all these enactments and the schemes under which they were enforced, incomplete as they are, indicate a new line of policy, following closely the lines of the comprehensive proposals of the Rural Reconstruction Association. It is these proposals that are restated, so far as they relate to marketing and production, in a more complete form in the following pages of this book.

CHAPTER II

COMMENTS ON ECONOMICS

It is not possible to deal here in detail with the school of thought that has been built up in the last two hundred years under the title of "Political Economy," nor with the ideas that are beginning to replace the theories of the past. The few comments that follow may, however, throw light on the economic aspects of the agricultural problem as a whole, and on the proposals set out in this work.

"Political Economy" when founded in the eighteenth century appears to have drawn its inspiration from an enthusiasm for "The Noble Savage"; it assumed that man would be in the future, as he had been in the past, essentially a barbarian. It was not by reconciling conflicting interests that we were to develop our civilisation, but by fostering a competitive struggle, out of which would come what was vaguely called "progress": barbaric ideas were the fundamental ideas, and they had to be applied to trade and industry. Economic teaching therefore gave its blessing to the struggle and propounded theories to support its creed. It fostered the trade war, the price war, and the class war. The fruit of this teaching was seen in the Economic Crisis of 1931.

A different method of approach is now suggested. Economic studies should be directed to finding the best way to secure the creation of wealth—that is, the provision of the things fundamental to a civilised life: houses, light and heat, food, and clothing, four purely

material things and easily created under modern conditions; and also health, knowledge and happiness, three spiritual elements of civilisation. It is maintained that the development of a nation's civilisation depends on adjusting and preserving a balance not, as is sometimes suggested, between agriculture and industry, but between the work of creation in those seven groups; and that a large part of our difficulties arises from the underdevelopment in this country of the services that go to the provision of five of these essentials: houses, food, health, knowledge and happiness. It is a mistake merely to concentrate energy on producing the material things; they have to be created under conditions that accord with the development of health, happiness and knowledge. That, not financial advantage, is the test. If this be a true interpretation, our immediate national economic policy should be consciously directed to employing the unemployed in the creation of these five specific underdeveloped elements of civilised life: by such a policy the unemployed of all classes should be rapidly absorbed in creative work.

A few points may now be noted on which an approach to economics based on this outlook leads to opinions which differ from the popular views on economic problems, opinions themselves derived from the orthodox traditional teaching of Political Economy.

It is constantly said that our evils are due to "great economic causes over which we have no control" and that "the ultimate cure" of unemployment "can only come from international action." Viewed from a more realistic standpoint this explanation may be doubted.

At the present time we have no control over international economic life, and we are forced by circumstances to confine ourselves to the sphere in which we can take effective action—that is, to our own country. In our view, unemployment, whatever the cause, can then only be dealt with if the nation secures local and national control of the problem and takes appropriate action. We shall not thereby prejudice any international action which may become possible in the future.

Further it is often stated that the country cannot raise the standard of life of our people save by the development of overseas trade. This theory is difficult to accept. We maintain on the contrary that the standard of living can be raised by directing our national policy to utilising those who would otherwise be unemployed in the creation in our own country of the houses, food and such other specific things as are needed to enrich the people.

A popular view to-day is that we have to enlarge our farms and factories and so obtain large-scale production. It should be realised that with certain exceptions it is quite easy to produce all that we need from large or small farms and factories. Both the large and small units have their social and economic value and may well go on side by side, as they do to-day in this country. We have not therefore to consider whether large or small farms or factories result in the largest production per unit of labour, but should devote our attention to building up such units of production, large or small, as suit the temperament of our people and lead both to the creation of the material wealth needed and to the happiness of the workers.

It is a common opinion, constantly put forward by politicians, that we should concentrate our energy on "stimulating trade" both at home and abroad. The alternative view is that whilst all, or almost all, forms of trade benefit traders and financiers, the effect of trade on the life of a nation is either constructive or destructive, creating according to its character wealth and employment or poverty and unemployment. We should then consider each branch of trade on its merits, foster that which is constructive and put an end to that which is destructive.

The popular economic theories caused us in the past to place emphasis on "cheapness": the maintaining of economic price-levels is beginning to be recognised as of primary importance.

A phrase that appears constantly in the Press and propaganda to-day states that "the object of production is consumption." Quite apart from the point that the word "consumption" creates intellectual confusion (for whilst we produce food for consumption, we produce houses to live in and clothes to wear, and health to be enjoyed), the phrase implies an undue limitation. The object of productive work is not merely consumption, it is twofold: the creation of a good life amongst the producers, as well as the goods that are needed.

Orthodox economists of the traditional school still tend in their thinking towards *laissez faire*; the modern or realistic school towards "Functionalism," the art of organisation for the essential purpose. Finally, orthodox economists have taught in the past, and the idea is still widely held, that the test of the value of any particular economic plan depends on its financial

advantage. The realists would say on the "wealth," material and spiritual, created and distributed.

The policy defined in this book appears to us to be based on what may be called the realistic outlook. We suggest indeed that the policy outlined is the natural outcome of studying problems historically and economics realistically, just as the books that come to different conclusions ¹ are the outcome of studying problems solely as they are to-day and interpreting them in the light of orthodox economic theories.

It is true that in recent years the orthodox economic theories have been modified by leading authorities, whilst many of the more intelligent economists have devoted themselves to research work of inestimable value and have left theories alone. Nevertheless the traditional economic theories still continue to form the basis of books and propaganda, and to a considerable extent of Government policy. They will also continue to be taught. But they will cease to be believed: for the underlying dogma, the belief in the struggle, a relic of barbarism, will be replaced by a belief that the building up of our civilisation depends not on the struggle but on the reconciling of conflicting interests, and of co-operative rather than competitive action. Indeed realistic economic ideas are being rapidly assimilated by the younger politicians and other thinkers, and even incorporated into practical proposals.

¹ See, for example, *The Agricultural Dilemma*, the report of the inquiry organised by Lord Astor and Mr B. Seebohm Rowntree; and Mr Menzies Kitchin's *Report on Land Settlement*, issued by the Carnegie Trust.

CHAPTER III

THE CASE FOR RURAL REVIVAL

THROUGHOUT the century that lay between the Napoleonic Wars and the Great War of 1914 to 1918, our leaders of thought and action, obsessed by the spectacular development of finance, industry and overseas trade, lost sight of the importance of rural life to racial growth and of agriculture to economic progress.

During almost the whole of that time, national policy was, consciously or unconsciously, anti-rural: the result became manifest in widespread unemployment amongst agricultural workers followed by a steady drift from the countryside to the great cities, creating first over-crowding and slums and thereafter accentuating the evils of poverty and unemployment in the industrial areas. For unemployment, born in the villages, grew up in the towns.

It is events such as these that cause the decay of nations.

Two great catastrophes, war and the economic crisis, have shaken our national complacency and somewhat changed our outlook on all social and economic problems. As a result, though there is an enormous amount of excited talk that confuses the public mind, we are beginning to think more profoundly and more carefully on agricultural problems than ever before: indeed many people are saying that our anti-rural policy has been our

chief mistake of the past and that the revival of agriculture¹ is our best hope for the future.

Nevertheless, even to-day, few of our leaders appear to realise how large a part of the national difficulties that marked these recent catastrophes arises from the decadence of agriculture and rural life. The nation has to realise clearly that the under-development of agriculture has been responsible for a large part of the unemployment, and is a main cause of national impoverishment; undoubtedly, if an economic policy directed to agricultural revival had been adopted in time, we should have avoided the worst features of the economic crisis. Moreover it should be borne in mind that the recent revival in overseas trade and of the employment in industry that went with it, must soon reach its limit of expansion, even if it has not already done so; and we must then turn to the development of our own country, in which development agriculture, afforestation and horticulture are of primary importance.

Since the importance of rural life to the nation is still insufficiently understood, something may well be said on the general case for rural revival.

A prosperous agriculture, for which this country is so well adapted, is as essential in times of prosperity as in periods of adversity. In the economic sphere, it creates in the food produced, and such other products

¹ It may be noted here that the emphasis so often laid by writers on food production has caused many people to overlook the fact that agriculture is concerned with products other than food and drink: wool, hides and sheep skins, for example; horticulture has also in recent years become an important industry. See Appendix, note 2.

as hides and wool, material wealth for the nation, and provides the best natural permanent market for the output of the industrial areas. It would go far to secure a properly balanced economic life, which could be accompanied by the gradual reduction within our national boundaries of hours of labour, and the raising of rates of wages. By enriching the nation it not only spreads and thus reduces the burden of taxation, but also goes far to provide the margin of wealth needed for a proper development of the social services that deal with health, knowledge and happiness.

Moreover, although the main case for agricultural revival belongs to the future of our national life, immediate large scale development of agriculture would help us to deal with our immediate problems. It would give employment to workers of all classes in the reclamation of the large areas that need to be brought under cultivation,¹ the erection of farmhouses, farm buildings and cottages, carrying out drainage and irrigation, developing electric supply and the provision of agricultural machinery and the other equipment needed for revival. It would thus at once absorb a large section of the unemployed in services that lead to the enrichment of the nation and save the heavy costs of their unemployment. Thereafter it would make it possible to withdraw into rural areas and devote to agricultural production such part of the

¹ See *The Land, Now and To-morrow*, by Professor R. G. Stapledon, C.B.E., M.A., Professor of Agricultural Botany, University College of Wales, where an examination of the problem of reclaiming land will be found. He takes the view that there are "vast acreages of land to be reclaimed."

surplus town population as has a rural outlook: undoubtedly this is a very large part, for the Englishman is by temperament a land cultivator. Moreover, agricultural production has a special advantage, sometimes overlooked, in that in many cases it secures a quick return for investment.

These advantages are in the main economic. Nevertheless prosperity for agriculture is not advocated merely as a means of getting us out of our present economic difficulties, though undoubtedly it will go a long way to do so. It is a problem of the future of our race, the creating of a healthy form of civilisation. For a rural population, whether it be grouped in villages, in the present country towns or in new towns in agricultural areas,¹ is of fundamental importance to a sane form of civilisation. Country people, if living in prosperity, are far more sturdy, healthy and happy than the dwellers in overcrowded cities and industrial areas. Moreover, the countryman, if a slow thinker and without intellectual brilliance, has, as a rule, a profounder understanding than the townsman and thus a more balanced outlook on life; he is substantially immune from the influence of the stunts, slogans and illusions that poison the thought of the day. His daily work involves initiative, responsibility and constructive action, and encourages constructive thinking, the absence of which is so conspicuous a defect of our civilisation. Town life

¹ It is insufficiently realised that under modern conditions it is not always necessary for farm workers to live on the land. A very large number could live in country towns and go out to work and so have the advantage of the social life of the town.

undoubtedly offers greater resources for recreation and education than the countryside to-day; nevertheless, if agriculture were placed on a sound economic basis, the position would be reversed. When prosperity returns to the countryside, the countryman will produce a deeper culture, even if it be less varied, and the recreational opportunities of the country, with its open-air pursuits, are peculiarly rich. Moreover, the development of the life of the countryside, with its close contact with the ever-evolving life of nature, will tend to cure the evil of spiritual impoverishment from which the nation as a whole now suffers. Civilisation is no doubt born in the towns, but common sense, the quality that our civilisation obviously needs, especially in times of national difficulty and danger, is the typical characteristic of the countryman.

Moreover, and the point is of great importance to our national life, home production will provide us with an ample supply of fresh and wholesome food. There can be no doubt that much of the food consumed to-day by the poorer classes is of low quality and has grave effects on the nation's standard of health. It is only by the development of home production that we can obtain the fresh food needed for health. Such production will interlock with proposals¹ for raising the standard of health of the people by increasing the consumption of fresh food.

Rural revival with its immense economic and socio-

¹ Such proposals are under the consideration of the Government at the time of writing, April 1936.

logical advantages is then of great importance to the nation, and indicates the most promising way of escape from our national economic dislocation and our spiritual degradation. It is indeed an essential factor in any policy of national reconstruction.

It will now we hope be admitted that a rural revival is desirable from every point of view, and we may now consider the possibilities of increased production.

At the present time the value of our agricultural output is about £248,000,000¹ a year at wholesale prices, whilst the imports of food and other agricultural products appear to be about £378,000,000² a year, of which about three-quarters is of the character that is produced in this country.³ The balance consists of tropical products, such as tea, coffee and certain fruits, rice and maize, with which may be grouped wine and such fruits and vegetables as may with advantage come into this country at times of year when they cannot be produced here. Prices are not an exact measure of quantities, but the proportion of the food consumed that is produced at home is clearly somewhere between 35 and 40 per cent. of our total national consumption. Home production occupies the energies of about 1,150,000 workers of all classes, which, if we include wives and families, means that about 7 per cent. of our population is directly concerned in agriculture,⁴ whilst the European average, outside Russia, is between 30 and 40 per cent.

Our capacity for food production is still little under-

¹ Based on the Ministry of Agriculture's figures.

² Tobacco excluded. ³ See Appendix, note 3. ⁴ See App., note 4.

stood by the public, since politicians, certain economists of the orthodox school, the Press, and also the teachers in the elementary and secondary schools, have been telling us for the last half-century that Britain is essentially an industrial country, quite unsuited to produce more than a small proportion of its own food supplies. Even as late as 1930 *The Economist*,¹ which has the reputation of being the most accurate paper in the world on problems of economics and related statistics, supported a statement made by Lord (then Sir Edward) Iliffe,² that "we can only produce sufficient food to feed one-third of our population," and supplemented it by a further explanation that our economic life depended on our being able to export manufactured goods to provide our food supplies. Since that date statements have been made over the wireless, in the Press and elsewhere, to the effect that we can produce only a portion of our food supplies, the proportion varying, it appears, according to the speaker or writer, from 22½ per cent. to 50 per cent.

On the other hand, during the last twenty years agricultural experts have been issuing figures (without producing any effect on the public mind) which suggest that we could produce, if it were considered desirable to do so in the national interest, 75 per cent.,³ 80 per cent.,⁴

¹ See *The Economist*, 19th and 26th July 1930.

² Lord Iliffe, C.B.E., newspaper proprietor, Past President of the Association of British Chambers of Commerce.

³ See *The Report of the Policy Committee of the Central Chamber of Agriculture*, 1930.

⁴ See *The Report of Lord Selborne's Sub-Committee* issued by the Ministry of Reconstruction. Cd. 9079. 1918.

and 90 per cent.¹ of our current requirements. Even these figures may to-day be treated as underestimates, for in the last ten years scientific knowledge and mechanical devices have made such strides that there can be little reason to doubt that we could feed ourselves, though not with exactly the same food as we consume to-day: our people might have to eat less wheat bread, beef and mutton, and rely instead on other cereals, such as oats and rye, and the use of potato flour, on an increased output of pork and bacon, and also, with advantage to health, on a larger consumption of milk, butter and cheese, fowls and eggs, fruit and vegetables, and fish such as herrings.

We have now to consider how far development could go to our national advantage, without an undue rise of retail prices.

The actual cost of food production in this country is low; the relatively high price of home-grown food arises from the cost of distribution and of processing²—*i.e.* the converting of food products into food—which appear to absorb on an average about 60 per cent. of the retail price. If internal distribution were organised throughout this cost could be reduced to perhaps 40 per cent. of the retail price on an average; wholesale prices could then be raised to a

¹ See *Food*, by Sir Charles Fielding, K.B.E., Director General of Food Production during the War, and other writings by the same author. *Agriculture after the War*, by Sir Daniel Hall, and *Land, Now and To-morrow*, by Professor Stapledon, may also be consulted.

² The converting of agricultural products into food or other articles has come to be called "processing," a somewhat unsatisfactory title that we retain for want of a better.

figure which would not only make production on a greatly increased scale profitable, but would be ample to provide a high standard of wages to labourers.¹ It is also important to realise that if food which we are qualified to produce at home is imported, we have not only to pay the price, but are also involved in the direct and indirect losses that arise from keeping land, capital and individuals unemployed in this country.

Moreover, much of the agricultural produce, of the character that we could provide ourselves, which comes into this country is not paid for by manufactured goods, as has often been alleged; it is purchased by the drafts which come from the dominions, the Argentine and elsewhere, to pay the interest and dividends on our investments in those countries. In these cases, no employment is given to our industrialists in manufacturing goods to be sent in exchange.² On the other hand, if the food were produced at home it should not be beyond the wit of man to secure that its production is reflected in a good demand for the output of the towns. Indeed it is an important element of success in rural revival that the increased wealth of our rural population should be expended in this country.

All these facts should be borne in mind in considering the claim put forward that "food is cheap because it

¹ The *Report* of the Rural Reconstruction Committee referred to above suggested that a policy of rural revival should be based on a wage of about 1s. an hour, or 50s. a week.

² It should, however, be noted that if the interest and dividends distributed in this country are spent at home, they may result in employment and increase of national wealth.

comes from abroad.” And in this relation it should not be overlooked that the present low wholesale price of imported food arises largely from the fact that much of the food imported to-day is sold below the cost of production; this is a purely artificial condition that can hardly continue indefinitely, and may indeed be followed in a few years by other countries discontinuing production for our markets.¹ As a result, if we have not by that time increased our own production, we may be faced with high prices for imported food.

It should further be recognised that the soil of this country is generally good, and where not suitable can be improved; whilst a comprehensive system of irrigation and drainage would solve many difficulties. It is customary to grumble at the weather, but it must be realised that our moist and temperate climate gives us great advantages over most other countries. Catastrophes, such as long continued droughts, long and hard frosts of the character which occur in other countries, are unknown in Britain; neither do we have dust storms such as occur elsewhere, which may in some cases blow away the fertile soil and in other cases destroy crops over large areas; the water shortages that sometimes arise require a system of irrigation, the occasional floods need an efficient drainage system, whilst the difficulties of wet weather at the time of hay and corn harvests from which we sometimes suffer can now be dealt with by appropriate

¹ Such a situation will certainly arise should countries cease to base their economic policy on exporting food to this country and devote themselves to national development.

equipment that will convert grass into hay and dry and thresh grain crops in almost any weather. Moreover, whilst there are many things such as maize, rice, tea, coffee, and fruits that we shall always wish to import, the variations of climate and soil make it possible to produce all or almost all the various forms of food that are suited to a temperate climate.

Further, as to the calibre of our agriculturists. It has been customary in the past to depreciate the British farmer; it was indeed at one time part of the case against the revival of agriculture. But to-day there is no possible excuse for this attitude. There are still a number of inefficient cultivators, but undoubtedly our leading farmers are men of exceptional energy and ability and have for generations been leaders in the agriculture of the world. Moreover the rank and file have an energy and an adaptability to circumstances, which is shown in their rapid changes from one branch of cultivation to another, a feature almost unknown in other parts of the world. There are also large numbers of agriculturists, recent immigrants to the towns, who would be willing to return to the countryside if conditions were made attractive; whilst recent developments in the use of allotments amongst unemployed miners and other workers show, as has been already pointed out, that there is still great inherent capacity for land cultivation amongst our industrial population. Although much remains to be done, we have established in this country invaluable arrangements for scientific research and the spread of knowledge of cultivation, of which our more enterprising

farmers take every advantage.¹ We have also admirable breeding stock and seed supplies. Finally, the cultivable area of Britain is sufficient for our purpose.

We may therefore conclude that this country is peculiarly suited to produce at moderate prices the greater part and probably the whole of its essential food requirements.² How then exactly are we to develop production? "There are three ways," said Sir John Russell,³ "of increasing the food supply of this country: (1) By increasing the area under cultivation; (2) by increasing the production of individual crops and output per acre; and (3) by combining crops into better and more productive systems." We have to use all these ways of increasing production.

To sum up: we suggest that, if distribution and the converting of food products into food were organised effectively, we could at least double our output without either increasing the cost of production⁴ or raising retail prices; we could increase concurrently our agricultural population, with advantage to the nation, from the present figure of about 7 per cent., so that with the closely related industries it might absorb 14, and perhaps, ultimately 20 per cent. of our population.

¹ It would, however, greatly assist the revival of agriculture if the results of research were more rapidly spread by increase in the number of model farms and allotments so that they might extend to every parish or rural district. Cultivators could then follow by observation what is being done in research and so rapidly assimilate the results.

² See Appendix, note 5.

³ Sir John Russell, D.Sc., F.R.S., Director of the Rothamsted Experimental Station.

⁴ See Appendix, note 6.

And here it may be noted that such revival will have far-reaching effects. On the one hand it should give employment to many industries that provide the requirements of agriculturists, such as manufacturers of fertilisers and feeding stuffs, and also the makers of tools, machinery and other equipment. It would also give work to builders, blacksmiths and other local craftsmen, and to the firms and individuals who undertake transportation. The converting of the food and other products into the article finished for consumption means increased employment in bacon factories, mills, tanneries and so forth. Prosperity for agriculture also creates a demand for everything that a community with money to spend may need. It is quite possible that by the development of agriculture we shall give as much additional employment in other occupations as will be provided on the land.

We have also to consider the problem of our food supplies in case of war. It was difficult enough to secure such supplies in the last war; it will be far more difficult if another war were to break out, when the ships bringing these supplies would be exposed to a devastating attack from both aeroplanes and submarines. There is a real danger of defeat in war through the cutting off of food supplies. "It is useless," said Dr Cloudesley Brereton,¹ addressing in 1935 a meeting of the Rural Reconstruction Association, "to be armed to the teeth if our molars have nothing to chew." Even if we are not yet prepared for a comprehensive policy of agricultural development, the

¹ Dr Cloudesley Brereton, M.A. Cantab.; L. ès L. Paris; D. ès L. Lille; Member of Council, Rural Reconstruction Association.

least we can do is to erect national granaries for the storage of wheat: we ought to have at least six months' wheat in hand and also at once to develop our agriculture and plan it in such a way that the output can be rapidly increased in case of war.

Something more can here be said on the relation of agriculture to the problem of unemployment,¹ though it would not, of course, be possible to deal with the whole problem from the realistic standpoint taken in this book and indicate a solution. Since unemployment came first from the countryside, one might naturally look to the country to provide a cure; nevertheless no claim is made that the revival of agriculture will provide such a cure. It is, however, suggested that this problem of unemployment cannot be dealt with effectively without a large-scale development of agriculture, which should, as has already been said, at least double both production and the number of workers engaged on the land and in closely related industries. Indeed, if agriculturists are given security in their markets and prices, and supported by funds for development, it is not unreasonable to ask that they should give support to an agricultural policy which will absorb the unemployed into agriculture by Land Settlement and increased employment as farmers and labourers.

¹ No comprehensive figures on unemployment are available. Such as are provided go to show that the number of workers of all classes not in constant employment during the year 1935 was between 7,000,000 and 8,000,000. The daily average of individuals of all classes unemployed in that year was probably about 2,500,000, of whom about 2,000,000 drew Unemployment Benefit. Possibly half of that 2,500,000 rightly belong to and should be absorbed into agriculture and closely related industries. See Appendix, note 4.

Responsibility for accepting this condition of national support and the carrying out of this policy should, it is suggested, be vested in the Agricultural Federation suggested below. It is fortunate that, if a policy of revival of agriculture is adopted by the nation, there will be for many years plenty of work to be done in reclamation of land, in erecting buildings, in providing preliminary equipment and so forth.

There has been much discussion in recent years on the value of Land Settlement on smallholdings, and also of allotments, for the unemployed. Something has been done in providing settlements and much in providing allotments. Whilst we are naturally sympathetic to every proposal for settling the unemployed on the land, it has to be recognised that large-scale Land Settlement can be carried on only if there is a comprehensive scheme for providing a home market for the surplus output of the settlers. Until this is secured caution is desirable. Urban allotments,¹ on the other hand, should continue to be provided wherever possible: they give the cultivator a healthy occupation and a supply of fresh and wholesome food. They also serve to train him in the cultivation of the land, thus providing him with a knowledge that will be invaluable if a comprehensive scheme for agricultural revival is adopted.

Before proceeding further it is well to realise the nature of the interests that might be adversely affected by the revival of agriculture. First there are the firms

¹ It may be here noted that in the countryside it is large gardens that are needed rather than allotments.

engaged in producing and dealing with goods for export, who are naturally suspicious of any increase of home production which may involve the reduction of the imports of food through which they expect payment for their exports: they have to be convinced not only that this export trade is bound sooner or later to dwindle, but that revival of agriculture will create a substituted and far more secure market. Next there are the shipping interests concerned in bringing food from other countries. The reduction of overseas trade and the extension of the shipping industries, often subsidised, in other countries has damaged the British industry to an extent that is little realised by the nation. Reorganisation of the industry so that it may accord with modern requirements is urgently needed, and when that reorganisation takes place it is to be hoped that the need in the national interests for reducing food imports will receive due consideration.¹ Finally come the financial interests, British and foreign, concerned in food production in other countries, and especially in collecting the interest and dividends on their investments abroad by the importation and sale in this country of agricultural produce that we might, to the nation's advantage, provide at home. It is thought that such produce to the value of about £120,000,000 a year is imported for this purpose.²

Moreover, at the present time, our dominions and certain foreign countries appear to think that they have a prescriptive right to dump surplus food products on the British market.

¹ See Appendix, note 7.

² See Appendix, note 8.

The position of these varied interests, powerful both in the political and financial worlds, is strengthened by many trade agreements with the dominions and foreign countries which directly or indirectly involve the importation of food into this country. It is clear, that so long as our national policy is based on securing the larger part of our food products from abroad, we can hardly expect to develop home production and employment in agriculture on a large scale.

Nevertheless we have to face the situation. Our view is that in laying down national policy the well-being of our own people should come first, and that to secure this the British farmer should have the first claim on the home market, within the limits of a fair price: imports, especially those that come for purely financial reasons, should be limited so far as possible to raw materials and to such food and goods of other categories as we are not suited to produce ourselves. And here it should be realised that if we pursue a national policy on the lines indicated in this book, with a view to enrich the nation, we may expect an increase in purchases from abroad of articles that we cannot produce at home, whilst an enriched nation would have some increased funds available for world travel. Thus the shipping and overseas trading interests would benefit.

PART TWO

A NATIONAL AGRICULTURAL POLICY

CHAPTER IV

SOME GENERAL CONSIDERATIONS

WE have so far discussed the case for rural and agricultural revival as an essential part of a general policy of national reconstruction; we have now to deal with the specific action that is recommended first to secure this revival, and thereafter to maintain agriculture on a permanent foundation, unaffected by trade depressions and economic crises. But before going further it may be useful to say something on the way in which the problem should be approached.

It is well to realise that our specific problem is not only unique in the world of to-day, but has never arisen in its exact form in any other civilisation.¹ It should therefore be submitted, in common with all other fundamental social and economic problems, to a comprehensive investigation by the best brains of the country, who should be concerned to ascertain the material facts, and to suggest solutions. This method of approach has been employed in dealing with many important political questions, as for example in the last century when forms of local government were fully considered before County and Rural District Councils were created.

¹ Our problem has, however, something in common with the conditions that arose in Imperial Rome and in other empires of the past. See Paterson's *Nemesis of Nations*.

It is as important to create a constitution for agriculture as it was for the counties. Investigations, in the past, have been entrusted to special Commissioners or Departmental Committees and a special technique and method of inquiry has been built up: these methods, it is suggested, are not suited to the study of social and economic problems, which may have to be approached in a somewhat different way.

Pending such inquiry we can proceed to consider the action to be taken to secure a revival, in the light of such investigations as have been already made: on this a general comment may be made.

For nearly a century home consumption has been regarded as an open market in which home and foreign producers could scramble, and everything has been left to haphazard enterprise. The view here put forward is that home production, foreign imports and distribution should be planned to meet the actual needs of the community, and that the country should be regarded as an economic unit, with needs and assets balanced against one another. Uncontrolled competition with its wastefulness and harmful effects on character should give place to co-operation. With this in mind we may now turn to a more detailed consideration of the problem.

Since Free Trade leaves prices and the balance between supply and demand to chance, it must fail in the future as it has in the past to maintain prices or keep the balance steady. The alternative of Protection in the form of import duties is still supported by some politicians, but whatever its value in other directions, import duties give no security

in prices to the producer—a basic necessity—and may result in unduly high prices to the consumer. Moreover the effect of such duties may at any time be undermined by the alteration of the relative money values in the two trading countries, by the introduction of exporting subsidies, or by other steps taken by an exporting country or its traders anxious to send their surplus products to this country, even at prices that fall far below the home price and even below the cost of production.¹

We can therefore rule out Free Trade and Protection by import duties, and proceed to consider what other steps can be taken to secure success. We are forced to turn to what has come to be called planning. Now planning, though commended by many distinguished authorities, is somewhat suspect. This is not surprising for, in recent years, planning has tended to become something of an intellectual amusement; many brilliant thinkers all over the world have been making and promulgating “plans of recovery.” Sometimes governments accept these plans and make experiments on the body corporate: the results are rarely successful and often lead to new disasters. Before accepting planning as a principle we shall then be well advised to consider why so many plans fail and what we must do to devise plans that will lead to success. It is suggested that the want of success of so many of these plans arises from a series of causes. One observes a want

¹ For example, French milled flour has been sold in this country at 9s. 6d. per sack of 280 lbs., whilst the price in France was at or over 56s.; Italian flour at 7s. 3d., whilst the price in Italy was about 55s. See a *Report* issued by the National Association of British and Irish Millers in 1935.

of exhaustive preliminary inquiry, haste in preparation, and failure to found the plans on those basic principles that govern the social and economic life of civilisations. Then there is the want of a clearly defined objective. Moreover when plans based on correct information, sound in principle, and with a clear objective have been prepared, they are liable to break down in application if no appropriate organisation has been thought out and built up. The plans put forward in this book have this much in their favour: they have been prepared at leisure and with exhaustive examination of the facts, the underlying principles have been thought out, the objective has been analysed, and the appropriate form of organisation has been designed.

Something more may be said on the objects of these proposals, for a clear objective is fundamental to success. Without it sound planning is almost impossible: with it we can test every detail of our proposals in relation to our objects and modify the plans when necessary.

Our objective may be stated from various points of view.

From the outlook of the nation as a whole we aim for agriculture, as indeed for all branches of economic life, not only at an increase of our national wealth,¹ but also at a more equitable distribution of this wealth and of the twin assets of work and leisure. We believe that one of the necessary means to those ends is the absorption of as

¹ "Wealth," it will be remembered, has been classified above under seven categories: houses, food, clothing, lighting and heating, health, knowledge, and happiness.

large a proportion of our population as is reasonably possible into agriculture and thus, by providing a home market for industry, to help to create a balanced economic unit. We wish also ultimately to make everybody so well off that they may be freed from constant anxieties and have a surplus available for the pleasures of life, and be able to contribute, without its being an oppressive burden, a fair share of national and local taxation.

With this as our national objective, we may take next our specific aims as they affect the productive workers. We have to provide our farmers with a sufficient measure of security in their markets to enable them steadily to develop the production of food and the other output of the land, such as wool, hides, skins and flowers. This will not be attained unless the farmers' energies are devoted to producing, year by year, the actual commodities required for consumption; for if this is not done there may be surpluses of one product wasted whilst there may be shortages of another. One of our objects must therefore be to direct production to what is needed by the nation. The policy of quotas may here be used. There is another point of importance relating to the position of the farmers: we are constantly told that farmers need further credit, and in a sense this is true, for they certainly need further funds for carrying on and developing production. But farmers cannot go on borrowing indefinitely: their liabilities have to be reduced to reasonable proportions. Moreover the interests of the labourers must not be overlooked: indeed

not only farmers but all workers on the land should be working under conditions that create material wealth and also health and happiness. They should secure a reasonable reward for their special intelligence and enterprise, and become large-scale purchasers of the products of industry.

In considering the position of farmers and labourers we have also to realise the need to preserve and to develop the producers' natural constructive instinct, for farming must be carried out in a spirit of creativeness and enterprise.

We have next to consider the position of the consumer. "Producers" and "consumers" cannot be classed as clearly defined sections of society with conflicting interests. Nevertheless there are different interests which have to be reconciled; this means in practice that we have to supply the food and other things that agriculture creates at prices that are fair to the consumer.

Finally, there is a third class to be considered—the men and women, consumers of course, but primarily engaged in distribution and processing. Their economic life has also to be organised so that they have a fair measure of security which will enable them to live in comfort, health and happiness.

The policy outlined in this book is directed towards the ultimate attainment of these objectives: if and where it does not fit in with the objectives, it is not suggested that we should modify the objectives: we have, on the contrary, to adjust the details of the policy to our aims.

We can now outline our proposals, to be dealt with hereafter in greater detail.

The main essential for success is, we suggest, to relieve Parliament of its present concern in the details of agricultural affairs and so to take the detailed problems out of the political arena. Our central proposal is then to place all that relates to the actual production of our food supplies in the hands of those directly concerned in agriculture: to create a National Federation of the agricultural interests. We shall thus attain two important results. Agriculturists will become definitely responsible for the building up of their own industry, and a responsible organisation will be created with which the nation can deal in all matters relating to food production.

In close connection with this main organisation concerned with production, we have to organise distribution and the conversion of food products into food. Then, to exercise a central controlling influence over production, distribution and processing, and concurrently to protect the consumers' interests, we ought to create a specific organisation, a National Food Council, which will stand for national interests.

The other items in the policy are, in the main, economic. And here it is well to make clear the guiding principle that governs all our suggestions. Whatever the problem, we endeavour to face it squarely and apply a direct rather than an indirect remedy. For example in dealing with the problem of prices we recommend the specific fixing of prices rather than reliance on regulating supply and demand or on import duties or quotas negotiated

through political channels. It is here that our proposals differ from those generally advanced by politicians and economists of the more orthodox schools.

We can now turn to our specific suggestions for dealing with the problems that are mainly economic. In our view we have :

(1) To get rid of the uncertainty of, and the consequent gamble in, prices (the most conspicuous evil of agriculture in modern times) by substituting, so far as possible, the system of standard, for fluctuating, prices. This involves the development of the grading of produce, a matter of great importance.

(2) To organise scientifically both distribution and the conversion of food products into food, so that the persons engaged in these processes may have security in their work and there may be no waste.

(3) To regulate imports in such a way that the British farmer secures the first claim on the home markets at a fair price and that only the balance of our needs is secured from abroad.

(4) To exercise where necessary some measure of direct control over home production and provide for the use of surpluses, in order to protect ourselves from gluts and shortages and maintain as far as possible a balance between supply and demand; and

(5) To deal with farmers' finance so that they may have funds available for their work.

These five proposals interlock; none can work efficiently without the others. Moreover, though we may have to proceed by taking first one branch of agriculture and

then another, the steps should only be taken as part of a comprehensive policy. We shall not attain complete success until we have applied the policy to agriculture as a whole; for when we safeguard one branch of agriculture and leave others alone, our farmers, who seem to be the most versatile in the world, naturally turn to that particular branch of production that is safeguarded and we find ourselves faced with surpluses that we cannot absorb.

If it were possible to take first things first we should start our plans with the organisation of a National Federation of Agriculture and a National Food Council. But as that proposal is only just emerging into practical politics, and is not yet properly understood, governments are likely to continue their present work of dealing with those particular urgent problems that are largely economic. We are therefore considering these questions first, beginning with the central economic need of securing a guaranteed standard economic price as between producer and consumer, which realistic economists have from very early times considered the central requirement of a sound economic life.

It is clear that a policy of agricultural revival involves consideration of many questions such as land tenure and finance not dealt with or only touched on in this book. It is submitted that neither the general line of argument nor the case for the policy as a whole depends on the views taken on these subsidiary questions. Our proposals are independent of them.

In any case these problems cannot be discussed here.

Nevertheless something may be said on the question of land tenure, the importance of dealing with which is emphasised by many authorities on the subject. It should be noted that almost all cultivators in Britain hold land on one of three tenures: (1) as rent-paying tenants of land controlled and generally owned, either directly by the State or by local authorities representing the State; (2) as rent-paying tenants of land privately owned; (3) as occupying owners who as a rule hold subject to mortgages. All these tenures have their advantages and also their advocates. The policy here put forward is obviously applicable whatever the tenure under which the land is held by the cultivator.

Many landlords have made considerable sacrifices in helping farmers to tide over the agricultural depressions, and it would be right and proper if they benefited to some extent in the revival. Nevertheless provision may have to be made in any policy for the revival of agriculture to secure that rents are not unduly raised if prosperity returns to the cultivator; the main benefit of the revival should go to producers and consumers.

CHAPTER V

STANDARD PRICES

It will perhaps help our readers in their consideration of standard prices if we explain that the Standard Price System is an economic system under which prices are fixed at a remunerative level by an independent authority representing the producers, consumers and the nation, and concerned to reconcile their interests.¹ The price so fixed is called the Standard Price, or more fully the Guaranteed Standard Economic Price.

The most striking evil from which agriculture has suffered since the beginning of the last century has been the constant fluctuation and uncertainty of prices. Until the system of stabilising prices was reintroduced, first for sugar beet in 1924 and then under the recent Agricultural Marketing Acts, wholesale prices of almost every commodity have varied continuously not only year by year, but also every day and indeed every hour and in every market. These variations have often been very large (wheat in the nineteenth century varied between about 17s. 6d. and 160s. a quarter), but even small variations have been sufficient to create a loss or a profit to the farmer on a specific deal. Thus farming became a gamble in prices. The evil is one that affects not only the farmer: if prices are low they may destroy his profit

¹ See Appendix, note 9.

and they may even fall below the cost of production, and so react on wages; but if high they rob the consumer. In either case our economic life is dislocated. This is the specific evil that we have to combat by returning to the standard price system.

For the last half century there has been a widespread movement for the introduction of fixed prices. During the Great War price fixing was widely adopted: in part as an outcome of the special circumstances of the time. Nevertheless the practice of fixing prices did not end with the War either in this or other countries but has been continued and developed ever since. Everyone is familiar with it, for it has become a commonplace in the retail shops, where cigarettes, patent medicines, books, breakfast cereals and scores of other articles are sold at standard prices. Shopkeepers are accustomed to sell at fixed prices and on an agreed commission, especially in the case of proprietary articles, and the public is accustomed to buy goods at prices fixed by manufacturers or other authorities over whom they have no control.

In agriculture itself prices have been fixed year by year for sugar beet since 1924, and under the provisions of the Agricultural Marketing Acts the standard price system was adopted for hops, and a basic price of £9 a hundred-weight was fixed in 1934 for five years. Under the same Acts prices are fixed for short periods for bacon and milk and under the Wheat Act of 1932 a price is fixed for home-grown wheat. But in these three cases the prices have constantly been re-adjusted. Such re-adjustment

is no doubt necessary during an experimental period.¹ Price fixing is one of the most widespread of the new features of economic life.

Prices all over the world have been, and are being, regulated by governments or marketing boards and committees instituted by governments, by co-operators, by producers or by trusts, federations, or special committees representing producers or importers, and also by agreement amongst members of a trade operating maybe only in a town or district. In rare cases they may be settled by purchasers.² There are indeed many methods of regulation, almost all of which are experimental and incomplete. In perhaps the greater number of cases the prices have been fixed primarily by, or in the interest of, producers; not as they should be, and were in the past, with the object of securing a fair price between producer and consumer. Moreover, in relatively few cases have the fixed prices the quality of permanency. A government may change its policy and withdraw its guarantee. A marketing board³ may fail to work effectively; whilst

¹ In dealing with milk and bacon, difficulties in fixing prices at an economic level arose from the fact that there were, in addition to the producers and consumers, three other interests to be considered, and as far as possible reconciled: the importers, the distributors, and the processors: that is, there were five conflicting interests in all to be dealt with. It will be necessary to control by appropriate action the interests of the distributors, processors and importers, as it is proposed by our schemes; the fixing of prices as between producers and consumers will then become a fairly simple matter.

² In East Anglia prices have been fixed for mustard seed by the purchasing firms for many years.

³ Marketing boards are the authorities constituted under the Agricultural Marketing Acts. See Appendix, note 1.

any of the other forms of organisation may fail to function under the stress of home or foreign competition or a change of money values. There may then be a return to the fluctuating price system with all its evils. If prices fall producers will be impoverished and even ruined: in any case chaos will be created. Such incidents have been the commonplace of the economic life of the world since the War.

Unsuccessful experiments should not prejudice us against the principle of price fixing: they teach us how not to do it, so that we may learn how it should be done. Whatever the result of the experiments, it is becoming increasingly clear that if we are to reconstruct our national economic life on a secure basis, we must somehow maintain food prices at an economic level.¹ Though this is admitted by leading authorities of various schools of thought, many advocates of stabilising prices continue to suggest that prices should be regulated by indirect methods: by control through financial arrangements, by regulating supply and demand through quotas, control of production and otherwise, or by tariffs. Control through finance, regulation of supply and demand² and even tariffs, may have definite value, but they do not secure certainty of prices for the producer, though when

¹ Price fixing is also advocated as a means of keeping the internal value of money stable by the introduction of what is sometimes called "a commodity standard." The point, though important, cannot be discussed here.

² The Marketing Board dealing with potatoes has attempted to maintain a fair level of prices by regulation of supply with only partial success.

prices are fixed they may help to secure their maintenance. The present proposal is to fix, so far as possible, wholesale prices in agriculture by direct action and then to buttress up the system so created by regulating supply and demand, and if need be by the use of tariffs and financial adjustments. Ours is a policy of direct action.

In the particular case of British agriculture, especially favourable conditions for a policy of price fixing are present. We have producers, consumers, distributors and processors within our own boundaries, whilst, so far as we depend on imports, they can be regulated efficiently by the right methods. We have also our own finance system and can adapt it to support a constructive policy based on standard prices. The solution of the problem, so far as it is economic, is in our own hands. If, therefore, we can secure the support of producers, distributors, processors and consumers to create the necessary organisation there is no reason why we should not, in their common interest and in the interests of the nation, fix and maintain fair prices for our main agricultural products.

The first practical step is to deal comprehensively with the problem of wholesale agricultural prices, on which much has already been done in this country. We are not here advocating the stimulation of home production by artificially high prices, for unduly high prices are as disastrous to our economic life as the present low level of wholesale prices; our proposal is to fix, and maintain at an economic level so far as is practically possible, the wholesale prices paid to farmers and market gardeners for their main articles of produce. The prices may have to

be changed from time to time; for example, in the case of milk¹ and eggs the prices may have to be varied in accordance with the time of year. The country may also have to be divided into areas, the price being uniform within each area, though not necessarily identical in all areas. Local variations may be needed to meet special local conditions; but it is hoped that this procedure may be only temporary, for uniform national price lists should be our ultimate aim. In the case of corn crops, at any rate, the price should be fixed for a term of years and should be subject to at least four years' notice; in the case of other articles of produce price lists might be reconsidered every two or three years, until experience has shown what are fair figures: but alterations should not be made without ample notice. To secure continuity in our agricultural development, we want to eliminate variations so far as possible, so that cultivators may have a certain price to which they can work.

The fixing of wholesale prices at a fair level must be our immediate object: but subsequently we may find it both possible and desirable to regulate retail prices. This would greatly benefit the housekeepers of the towns, and indeed all housekeepers. Moreover a steady retail price helps to steady the demand, a matter which, as will be seen later, is of great importance.² It may also be found

¹ Milk pool prices under the present marketing schemes, so changed from time to time, are different in different areas. In the case of bacon pigs and sugar beet the prices, varied from time to time, are uniform throughout the country. In the case of hops the price is fixed for a term of years.

² The variation of demand following the changes in retail prices

desirable to introduce a system already common in this country, especially in relation to proprietary articles, whereby retailers sell on an agreed commission.

The standard price lists should give the figure for the best quality article and other leading grades. In the case of corn the experience gathered in dealing with wheat suggests that there are few, if any, practical difficulties; in other cases, such as fat stock, where character and quality in any particular market may vary considerably, the actual price paid, though based on a standard price list, could be settled by responsible market officials. Farmers, dealers and auctioneers who are familiar with market conditions suggest that the practical difficulties are not nearly as great as theorists suggest. A similar estimate of quality has to be made roughly by buyers of produce in the markets every day of their lives: what is needed is that it should be done systematically. Nevertheless there will be branches of agriculture in which it may be found difficult and perhaps impossible to fix prices. In the case of perishable fruit and vegetables, for example, where prices may be difficult to adjust, we may have to confine ourselves to regulating, if need be day by day, the extent of supply in the various markets. Concentrating on our main object, the securing of a fair level of prices, we have to adapt our system to the special conditions that govern the various products.

It is suggested that the preparation of price lists should be in the hands of a special authority or group of
was one of the special difficulties that arose in the organisation of the marketing schemes.

authorities in which producers, consumers and the nation should be represented. The National Food Council referred to below is suggested for this purpose. The authority will have to approach the problem in a scientific spirit: putting aside all the theories advanced in the past by orthodox economists as to the value of what is called the "world price," it will have to consider carefully the effect of any particular price or scale of prices on our national life: it will have to find the figures that give the best economic advantage to the nation.

The settlement of these price problems seems extraordinarily difficult if viewed as a theoretical problem, but most of these difficulties disappear when the subject is attacked as a practical problem by practical men who are well able to estimate results and suggest appropriate scales of prices. Moreover their settlement will become far easier if we are to have a parallel national policy directed to bringing prosperity to our industrialists and so develop the purchasing power of the towns:¹ we cannot, however, wait till this is secured; the development of agriculture must be our first step.

The problem of prices has then to be considered scientifically by the price-fixing authority in its relation to its effect on (i) the producers, (ii) the consumers and (iii) the nation as a whole. These three aspects of the problem will be taken in that order.

From the producers' point of view the price-fixing authority should consider the need of sustaining the

¹ See *Britain's Trade and Agriculture*, by Montague Fordham, M.A., F.R.Econ.S.

industry in a high state of efficiency and providing a good living for the farmers and labourers who are engaged in it. Labourers have to be well paid, and it may be noted that the standard price system interlocks with the existing system of a legal minimum wage: the price of the product and the rate of wages should be considered concurrently. Taken together, these arrangements will go far to reconcile the conflicting interests of farmer and labourer. It will also be necessary to fix prices at a level which will enable farmers to pay rent, tithe and interest on mortgage or other loans (if they be burdened with these charges), to reduce progressively the debts that oppress them to-day, and make possible a rapid development of the industry, which will secure an increase in the national wealth and the absorption of many of the unemployed. It is constantly pointed out that farmers need increased credit. Standard prices give security for such credit.

Next the price-fixing authority has to take into account the interests of the consumers, for it is obvious that the general level of retail prices should not be raised. Retail prices should be as low as is compatible with the rights of the producer, and this aspect of the problem has to be considered in relation to the organisation of distribution, for it is with the help of savings effected by such organisation that fair prices can be secured to the farmer concurrently with a reasonable level of retail prices.

The third aspect of the price problem, its relation to the life of the nation as a whole, is often overlooked.

Here our price-fixing authority may well give consideration to the following matters, all of which depend in part on price-levels. We have first to arrange that farmers and labourers are sufficiently well off to be liberal purchasers of the products of industry. Further the authority should consider how we can secure, in developing agriculture, that it will absorb some part of the unemployed—a matter of great economic importance, since by the absorption of the unemployed we can hope to effect large savings in our national expenditure. We have also to fix our prices at a level which will encourage production up to but not beyond the level of effective demand, a matter of great importance if we are to maintain a balance between supply and demand. Then we have to consider how far it is wise to go in our national interest in growing specific products at home. Wheat prices, for example, would be fixed at a higher level than the present if it were decided that it was to our advantage, as it may be, to grow, say, one-half of our own wheat supplies. The problem of sugar beet also may be considered from this viewpoint.

All these problems interlock and require careful consideration if we are going to introduce an efficient system of price-fixing on which to base our economic life. We shall have to make experiments, and we cannot expect at once, if ever, to create a theoretically perfect system; for standard prices, though free from the disastrous effects of fluctuating prices, will be subject to the imperfections that beset all human endeavour. We shall have to be satisfied with the best arrangements

that we can make at once to relieve the farmer from the perpetual anxiety and the intermittent financial disasters that come from the variation of prices, and thereafter to improve and perfect the working of our schemes. Even when this is done, the farmer will still have to bear all the risks that arise from the uncertainty of the weather and the diseases of crops and animals, but he will be released from his main difficulty—the uncertainty of prices; so relieved, he will be able to put all his energies into his true function—the creation of the nation's food—confident that, whilst low quality of his produce and inefficient grading will react on his prices, nevertheless industry and efficiency will secure a just reward. He will no longer have to spend his time bargaining about prices, with all the waste of time and money and degradation of character involved. Grading of his produce and good packing will be definitely encouraged, since well graded and packed produce will fetch a better price. The accounting side of his business will also be greatly simplified. He will also be keen to get the advice and help of the scientist and all the knowledge he can obtain to make his land as productive as possible. His controlling motive will be to produce and market his produce in the best possible way. Two interests often conflicting under the present system will be reconciled: he will be producing for use as well as for profit. At the same time, since there will be no competition in prices between farmers, many may be willing to give assistance to others. Indeed standard prices will have the indirect result of breaking down the barriers between farmers

created by internal competition in prices, and this will encourage collaboration and pave the way to the formation of the National Federation of Agriculture referred to later.

In the initial period of the introduction of standard prices, before distribution has been organised, subsidies may be needed; but State subsidies should not be a permanent feature, and indeed are necessary only in a period of turnover from one economic system to another. They should be looked upon as the cost of reconstruction¹ and, if given, should be arranged so that they are accompanied by an increase of employment and so counterbalancing by national savings on Unemployment Benefit.

Before leaving this branch of the subject, it may be noted that definite support for standard prices has been received from many leading agriculturists in this country and also from various agricultural associations. For example, the National Farmers' Union in December 1935 issued a statement affirming that the best method of dealing with the live stock industry is "to agree on a standard price for cattle, sheep and pigs of good quality intended for the meat market." The Council of the Central and Associated Chambers of Agriculture has gone further, for on the 10th December 1934 it passed on the motion of the Lord O'Hagan,² seconded by Sir

¹ See Appendix, note 10.

² Lord O'Hagan, past President of the Chamber of Agriculture, past President of the British Dairy Farmers Association, Member of Council of the Central Landowners Association, and President of the Rural Reconstruction Association.

Patrick Hannon, M.P.,¹ the following resolution: "That this meeting of the Council of the Central and Associated Chambers of Agriculture urges the Government to make the central object of its agricultural policy the securing to the British farmer a first claim on the home markets at a Standard Economic Price for the main articles of produce; and that all quotas, tariffs, control of imports, organisation of distribution and other action, if any, should be framed to secure that objective."

The support for these proposals is not confined to this country. It is a world-wide movement. We find for example that, early in 1936, the Government of New Zealand had decided to introduce the standard price system wherever possible, and were beginning with fixing the prices of wheat, flour and bread.²

¹ Sir Patrick Hannon has been Chief Organiser of the Irish Agricultural Organisation Society, Director of Agricultural Organisation to the Government of Cape Colony, and is a Past President of the Central Chamber of Agriculture. Amongst many other offices he holds, at the time of writing, the Presidency of the National Union of Manufacturers, and is Vice-President of the Federation of British Industries.

² See *The Times*, 10th February and 29th April 1936.

CHAPTER VI

ORGANISATION OF DISTRIBUTION AND PROCESSING

(i) DISTRIBUTION

THE national economic policy, adopted early in the last century, under which all restrictions on trading in food within our national boundaries, and all regulation of prices, were swept away, established the position of the intermediaries.

The intermediaries whilst carrying on an important national service, did in fact pursue a policy of forcing down prices against the producer and raising prices against the consumer. It soon appeared that dealing in food was likely to be more profitable than its production: an excessive number of individuals then rushed into the business of distribution, and whilst the more able were very successful and so created prejudice against "dealers," competition amongst the distributors themselves caused impoverishment of a number of the less competent. Confusion was created. The outcome of the adoption of this system is seen to-day in the fluctuation of prices, and in the costly and often chaotic character of distribution, reflected in a wide gap between producers' and consumers' prices.

The trade of the middleman, from its nature, attracts men with a talent for bargaining; a supply of ready money

(with which they can incidentally make short loans to farmers who are short of cash) is a necessary part of their equipment and it is their business to have a wide knowledge of markets and prices. They are inevitably at an advantage in dealing with the majority of farmers, who are rarely commercially minded, seldom have reserves of cash, have only a local knowledge of prices and markets, and have little opportunity of studying the important question of the probable trend of prices. Indeed, if we except the larger farmers with special business capacity, there can be little doubt that almost all cultivators sell at a great personal disadvantage, and hardly ever secure in their sales even the full market price of the time.

The expectation that low prices to the producer would be reflected in cheap food is rarely fulfilled, for though it sometimes occurs, it is defeated in most cases by the heavy costs of distribution. A detailed study of the methods employed in the sale of corn, stock, hay, fruit, vegetables and flowers, and indeed many other articles, will serve to illustrate this point. But it is not necessary to enlarge on it: the facts are well known and have been dealt with in detail by many authorities.¹ Whilst exhaustive examination of the present methods of marketing agricultural produce has been carried out by the Ministry of Agri-

¹ See in particular *Food*, by Sir Charles Fielding, *The Rebuilding of Rural England*, by Montague Fordham, and *The Bread of Britain*, by A. H. Hurst.

The Reports of the Departmental Committee on Distribution and Prices, presided over by Lord Linlithgow and issued by the Ministry of Agriculture and Fisheries in 1924, may also be consulted with advantage.

culture and published in their *Orange Books*, no full and authoritative investigation of the costs of the present distributive system has been made; existing inquiries suggest, however, that the productive workers, *i.e.* the farmers and labourers, secure for their services and for such charges as rents, rates and taxes, tithes and interest on capital, only about 40 per cent. of the retail price; whilst if we eliminate these specific charges, they would probably be found to receive about one-third of the retail price for their productive services.

Mr Ramsay MacDonald ¹ in a special interview, so long ago as 1926, explained to the Press the agricultural policy he was then advocating when leader of the Labour Party; he was discussing the evil of the existing method of distribution, on which he made some illuminating remarks. "He understood," the Press report ran, "that distribution absorbed from 50 per cent. to 70 per cent. of the retail price: the farmer, therefore, rarely got half, and constantly much less of the price paid in the shops. This was far too small a share. The cost of distribution might well, he was advised, be reduced if we had a sound business system of distribution to, on the average, somewhere about one-third of the retail price." Mr Ramsay MacDonald was perhaps over sanguine; nevertheless it is suggested that with scientific organisation of distribution and standard prices the producers' share might be raised from about 40 per cent. to something between 50 and 60 per cent. of the retail price.

¹ The Rt. Hon. J. Ramsay MacDonald, P.C., Prime Minister of Britain, 1924 and 1929-35.

Mr MacDonald also attacked the problem from another side, the importance of which cannot be over-stated: "We have to look," he said, "to the savings in distribution to provide a fund for building up agriculture and rural life"; and again he said: "The waste in distribution is a reservoir to be drawn upon for the benefit of both producer and consumer."

This problem has for many years been confused by an attack on the so-called middlemen. The intermediaries, the instruments of a system, perform, within that system, an important national service: they are carrying on a legitimate business on lines specially authorised by Acts of Parliament: they are in a very large number of cases men of special intelligence and capacity, engaged in making a living by a difficult business at a difficult time. Even if they deserved to be attacked it would be futile to do so, for we have to secure their help in the rationalising of distribution: this should not be impossible, as the more intelligent intermediaries of all classes are well aware of and, if they have public spirit, are profoundly dissatisfied with the present position. It will be more easy to obtain their help if a comprehensive agricultural policy is adopted: for it may be we shall then double our home production. Although there might be as a result some reduction in the number concerned in the trades in imported food, there would be little reason to reduce the number of distributors in the home trade; their turn-over would be increased, and so the cost per unit of distribution reduced, but not necessarily their actual profit.

This is a problem which has been discussed for very

many years: and on it there is a general agreement of the nature of the evil. But no action has been taken. It has been before the House of Commons on various occasions, and in February 1936 ¹ the following important resolution was adopted without a division: "That in the opinion of this House it is essential to the prosperity of British Agriculture and to the health of the community that the supply and distribution of agricultural produce be organised so as to encourage an increased consumption of home-grown produce and the employment of additional labour on the land and to eliminate the waste and loss which result from the present chaotic and costly methods of distribution." For many years governments, though recognising the evil, have feared to face the strong vested interests built up since the beginning of the last century and concerned in distribution to-day. But it should be faced in the spirit that is shown by business men in building up great commercial enterprises.

We do not then suggest that a complete and comprehensive plan for distribution can be prepared by individuals. We are concerned with the more modest work of throwing light on the problem and indicating lines of practical action based on the investigations already made on the subject.

Socialists are to be commended for facing the problem; they have proposed that distribution should be put into the hands of a special Government department somewhat of the nature of the Post Office, a form of procedure which appears to have been introduced recently into Germany. Such an organisation might work with great efficiency,

¹ See *The Times*, 20th February 1936.

but on the other hand it tends to shift responsibility from the shoulders of the distributors themselves on to officials, and a freer method with more opportunity for personal initiative is desirable. Other possibilities have therefore to be considered.

Judging from the experience of other countries the marketing and converting of the raw products into food might be dealt with efficiently in this country under one of two methods. The first is to maintain in their present position the existing merchants, dealers and processors but to arrange, by agreement if possible, a certain measure of regulation in the scope of their business, their prices, and their margins of profit and so prevent overlapping and the other evils of uncontrolled competition. Such a method of regulation can be studied in Switzerland. The second method is to adopt one of the proposals (which appear to be based on modern developments of agricultural co-operation) put forward under such titles as "A Distributive Guild," "A Chartered Corporation," or "A National Co-operative Trust." All these proposals really reduce themselves in principle to the creation of a non-profit-making trust, and any of them might serve as conduit pipes to convey the goods from the farmer to the retail shops. We have adopted for this form of organisation the title "A National Distributive Trust."

It will throw light on such proposals if a study is made of the many schemes of this character that have been instituted in other countries during the last half century.¹

¹ See the publications of the Horace Plunkett Foundation, and also those of the International Institute of Agriculture at Rome.

Here we may take as an example the methods employed in dealing with Danish bacon. For many years a large part of the export trade in Danish bacon to this country has been controlled by what is substantially a non-profit-making co-operative trust in which Danish producers and British retail multiple shops and possibly other retailers have been directly or indirectly represented. This organisation takes charge of the bacon pig when it leaves the farmer, converts it into bacon and by-products, selects the best quality bacon for the British market, and ultimately arranges its delivery to the retail shops in this country. The price to be charged to the retail shops has then been fixed at a standard rate by a special committee sitting in London, and all Danish farmers have had credited to them, it is said, 75 per cent. of this price paid by the British shopkeepers. Our inquiries go to show that the shopkeepers' charges for selling Danish bacon are low. It seems then quite clear that in this case the producer, *i.e.* the Danish farmer, gets somewhere about 60 per cent. of the price paid by the consumer.

There are, however, special points about the Danish experiment that deserve careful consideration. The Danish organisation happened to be started from the producers' end, with the support of the Danish farmers. Fixing on that special issue, agricultural co-operators have argued that this is the best procedure and that distribution should be organised by the producers. If, they have said, the Danish farmers have succeeded in organising their own distribution to the retail shops, why cannot the British farmers? This point of view,

widely advertised, has confused the whole problem of distribution in this country for a generation: it is therefore worth while explaining that the success of the Danish farmers as co-operative organisers of distribution arose from the fact that in exporting their surplus bacon to this country, they were building up a substantially new business. In this country, on the other hand, distribution is already completely organised, and farmers would have to undermine and destroy this organisation if they were to start on the Danish lines. The presence of established business organisations is one of several reasons for the failure of agricultural co-operation to deal effectively with marketing in this country. There is another point in the Danish organisation that deserves consideration. It was built up to capture the British market, and in order to do so it had to undermine first the British farmer and then other overseas competitors in the production of bacon. It was therefore impossible to fix and maintain a fair price between producer and consumer, for the price-fixing committee had always to see that their price secured sales in a competitive market. This made it necessary for them on occasions to cut prices, and that in its turn reacted on the unfortunate Danish farmer, whose receipts might then fall below the costs of production, as indeed they have done on occasions in recent years. It is important to realise that an abnormal trade of this character does not rest on an economic basis, and is liable to be as disastrous to the Danish as to the British farmer.

There are three lessons to be learnt from the Danish

experiment. First, that the general form of their organisation is admirable; second, that whatever form of organisation is built up, it must be based on the maintenance of a fair standard price between producer and consumer; and third, that a similar organisation cannot be built up in this country by the farmers themselves, since there is a distributive trading business already established. In relation to the third point it is also important to realise that the main distributive business of this country, the taking from the producer the product of his industry and consigning it to the town market or retailer, is a complicated matter, which lies outside the scope of farmers' organisations. The farmer's business is to farm, a whole-time occupation that requires constant and intensive thought, and unless farmers are prepared to concentrate upon it, they will not succeed. Distribution has to be undertaken in the main by distributors: it is an entirely separate matter from production. It is, as sociologists would say, a separate function.¹ Until this is recognised we shall make little progress.

If, then, we are going to solve the problem of distribution, we have sooner or later to recast our present distributive system. It will have to function so that whilst those farmers who deliver direct to consumers are not unduly interfered with, and co-operative and

¹ Some authorities think that a National Distributive Trust should ultimately be brought within the control of the National Federation of Agriculture. On such a point there may well be differences of opinion; but, in any case, if there were two organisations they would have to work in close collaboration.

collective country markets controlled by the producers¹ for direct delivery, of special value for groups of small-holders, are encouraged, the part of the farmers' produce that is allocated to the town markets is collected and paid for at a fair price, and delivered as promptly as possible to the retailer or other consignee. At the same time it must be built up in such a way as to be freed from the motive that is now in the minds of all our intermediaries, the motive of buying as cheaply as possible from the producer and selling at as high a price as possible to the consumer.² It should be of the nature of a group of conduit pipes leading as directly as possible from producer to consumer. It must not dominate the farmers, as the distributive interests do to-day, but must work in conjunction with them.³ The Post Office plays a similar part in the distribution of our letters, and all over the world complete or partial organisations generally labelled "co-operative" are organised for this purpose.

Distribution is then the immediate problem that we have to face and solve. It requires, undoubtedly, far more investigation than it has yet received, and this cannot be undertaken by private individuals. The first

¹ See Appendix, note 11.

² Some authorities argue that this involves the elimination of all profit from all branches of distribution. Co-operative experiments of the last half century in this and other countries go far to support this theory. Indeed it appears that it is only when profit-making is controlled or eliminated that distribution becomes effective.

³ Pending the formation of a National Federation of Agriculture it may be desirable that farmers should organise themselves co-operatively for the express purpose of working in with the Distributive Trust.

step must come from Parliament and a possible line of action is suggested. Marketing Commissioners should be appointed to get into touch with the various merchants, dealers and other organisations responsible for distribution and conversion of produce into food; they should prepare a scheme for drawing together and supervising the existing traders in a particular produce, or alternatively, for a complete organisation of a selected trade.¹ Whichever scheme were adopted, it would have to cover the whole ground from the farmer to delivery either to the retail shops, or to consumers' co-operative societies, hotels and other similar bodies that purchase direct for consumption: in dealing with organisations such as mills in the case of wheat, pork and bacon factories in the case of the pig trade, factories for the conversion of potatoes into flour or alcohol, and canning and jam factories in the case of fruit, the distribution may sometimes have to be regulated or organised both to and from the specific organisations concerned in converting the product into food. A scheme once prepared for any particular trade would have to be referred to Parliament for consideration and when an order had been made for its adoption, it might be returned to the Commissioners to draw the present intermediaries in that particular branch of distribution into the new form of organisation, which ultimately would form a part of the National Distributive Trust.

A comprehensive organisation having complete

¹ Such action might possibly be taken under the Agricultural Marketing Act, 1931, section 15.

knowledge of the markets will be in a specially strong position. It will know where demand for any particular produce is most likely to be found and how surpluses can best be dealt with: and knowledge of markets will make it possible for good advice to be given on the extent of home production and the amount that should be imported from abroad.

Here it may be noted that the introduction of standard prices varying in accordance with quality will greatly facilitate the organisation of the business of distribution. Indeed without a system of standard prices it may be impossible to organise distribution with complete efficiency, though no doubt a good deal could be done. In any case our object is to secure that transactions, which, under our present system go through the hands of half a dozen middlemen at various prices, will pass through one set of hands only, at a regulated price and under a system of scientific organisation of distribution. Control of imports and a certain measure of regulation of home production will also link up with and facilitate efficient distribution. Moreover, if the suggestions recommended below for dealing with imports be adopted, the purchase from abroad of what is required over and above home production could be placed in the hands of the National Distributive Trust.

Some people may be frightened at the size of such an organisation. Let them consider the Post Office, the great co-operative organisations of the world, the multiple shops, and the elaborate organisations built up during the War. A big distributive business is, when once

organised, just as easy to carry on as a small one: indeed perhaps it is easier.

(ii) PROCESSING

In certain cases, such as eggs, fruit and vegetables, food products are ready for consumption when they leave the farmers' hands. But in most of the more important branches of agriculture there is an intermediate process. Wheat, for example, has to be converted into flour and thereafter baked into bread, biscuits, cakes and so forth; the bacon pig has to be converted into bacon and its by-products; fruit not required for immediate consumption may be converted into jam or canned; surplus potatoes into potato flour or alcohol or food for stock; barley and hops into beer.

In this country the converting of food and other agricultural products into the finished article (to which the name of processing has, as already noted, been given) has been left, in the main, to private enterprise. In other countries it is dealt with to a large extent by co-operative factories and other organisations, organised by cultivators, with Government backing in some cases. Certain co-operative consumers' organisations have also formed their own processing factories. It is the general rule that in such co-operative organisations profits are not permitted.

We have therefore three methods of approach to consider: the balance of advantage seems to rest with the system that places processing in the hands of co-

operative or public utility societies, controlled by, or at least linked closely with, the farmers' organisations: that is treating processing as a branch of production.

In any case, if agriculture is to be revived in this country, processing factories and workshops must be developed so far as is practically possible and brought into national schemes; in every district there should be the appropriate organisations, not competing with one another, for dealing with the farmers' output, whether it be treated for immediate consumption, storage for subsequent sale, or other purposes.

The Government has taken, and is still taking, steps to deal with this problem in various ways. Sugar beet factories have been erected by private firms at agreed centres, with the support of Government loans, and are now being merged into a Sugar Beet Corporation; factories are being started by the Potato Marketing Board to deal with surplus potatoes, and by the English and Scottish Milk Marketing Boards for dealing with surplus milk. Further, the Government is, at the time of writing, supporting schemes for creating new bacon factories and drawing all such factories into a national scheme.

CHAPTER VII

REGULATION OF IMPORTS

As it has turned out, nothing has been more disastrous to our economic life than the policy, adopted by this nation in the last century, of permitting food which we might produce ourselves to come in freely from all over the world.

Its effect both in preventing expansion and even reducing the production of food at home, the creation of unemployment amongst agricultural workers, and the undermining of the home agricultural market for industrial products is, or should be, well understood. But these special disasters do not stand alone. The policy of the open market for food products, by creating in food imports a security for the payment of interest and dividends on foreign investments, made possible and immediately profitable the large scale exportation of capital. In a large number of cases this capital might have been employed with advantage to the nation in developing the wealth of our own country. Moreover, producers in other countries all over the world were tempted to turn their attention from the development of their own country, a disaster to their own national life, in order to produce food for sale in the British market. The ultimate result has been that in the struggle for this market the prices paid to the producers of the

countries exporting to us have constantly fallen below cost of production:¹ the disaster, by impoverishing these producers, themselves prospective purchasers of British goods, has undermined some part of our export trade. A chaotic condition has thus been created. It will be difficult to introduce order, for various vested interests, already referred to, have been created which are definitely hostile to the first step to be taken—an agricultural revival in this country.

Hampered by this highly artificial position we have now to persuade the country in its own interests to elaborate a new system for dealing with imports of food. In considering how this is to be done it is very desirable to have a clear idea of the underlying objects.

Regulation of imports, in common with other trade regulations, should secure first that the producer, wherever he may be, is concerned to produce what the available market, represented by the consumer, actually needs; and next that production takes place in that part of the world which gives the greatest economic and social advantages.² Thus British regulation of imports should aim not only at developing home production but at

¹ "The price of wheat," said Mr Walter Elliott, the Minister of Agriculture, in a speech delivered at Glastonbury in 1935, "was bringing ruin to the wheatland farmers of the world. The price of milk products was bringing bankruptcy nearer and nearer to the dairy farmers of New Zealand."

² It is natural that the country making regulations should consider its own nationals first, but in doing so they will constantly find that they are benefiting other nations. Disaster to both Britain and Canada have, for example, followed the maintenance of an open market for wheat.

discouraging other countries from basing their economic policy on producing for our market the food that we are peculiarly adapted to create ourselves, and to turn wherever possible to providing what we are not suited to produce. The next problem that arises is to decide from which of the supplying countries we should secure our requirements, and we have here to consider whether it is beneficial to our national and imperial development to get the agricultural produce we cannot advantageously provide ourselves from our dominions and colonies rather than from foreign countries.¹ We have also to be certain that, whilst the British farmer should have the first claim on the home market within the limits of a fair price, the whole of the balance of food needed to feed our people is obtained from abroad. There must be no possibility of shortage.

When we come to practical details of policy there arises at once the special point that confronts us in every problem that we have to face: are we to proceed by indirect or by direct action? Are we to rely on the indirect effect of tariffs or quotas or on direct purchase from abroad by a trust or under licence, of what we are not producing in our own country?

The policy here suggested is based on a belief that only by direct action can we secure satisfactory results. How then shall we proceed? The first step is to make an estimate of our needs: for this purpose the Ministry of Agriculture or other authority would have to be

¹ This problem seems to be political and sociological rather than economic.

responsible year by year for an estimate of national needs and the extent of home production. With this information it would be possible to decide in detail what should be purchased from abroad. This should become easier year by year as experience helps us and home production increases. An authority acting on behalf of each section of the trade should then be responsible for securing from abroad whatever was needed to fill the gap between home needs and home production.

We have next to consider the best method of action. We find that in certain other countries two alternative methods of securing this result are employed. The first gives permits to the existing importing merchants to import specific amounts up to the totals needed: the second is for a marketing board to undertake the purchases itself.¹ If a National Distributive Trust is created as suggested above, it is eminently desirable that it should purchase not only at home, but also from abroad: if any other method is adopted the goods acquired would have to be turned into the channel created by the Distributive Trust. The object is to ensure what economists call "a continuous equalisation of supply and demand," that is, a regular flow of what is needed from the producers, whether at home or abroad, to the consumers. This can never be done with absolute perfection, but by developing storage capacities a

¹ See *League of Nations Report of Economic Committee on Agricultural Protectionism*, 28th May 1935: official number C. 178, M. 97, 1935, II.B. The method of giving permits to importing merchants to purchase from abroad has been adopted, in this country, for potatoes, under the Agricultural Marketing Act, 1933.

practical working scheme far nearer to perfection than our present methods could be built up. We have the experience of other countries and the results of recent experiments in this country to guide us, and also the profound knowledge of British merchants, who have always had this problem to consider. But it is essential to success that the action should be taken, not through political channels, but by the buyers of this country acting in direct contact with the sellers in others.

If this became our national policy, it would be easy to give preference, after our home producers, to our colonies and dominions. It would also be possible to watch closely the effect of our policy on the exporting industries and regulate our plans accordingly.

Such a policy would give a large measure of security to the producers in other countries, who would know in advance to what extent and at what price the British market would absorb their produce: well informed of what we were likely to require, they could plan their production accordingly. Thus from their lives the element of gamble would be largely eliminated.

The price at which imported produce should be brought into the home market here arises and a tariff or levy can be imposed if desired: the tariffs or levies will then take their proper place in the national economy. It will be realised that the duties cannot be relied on to regulate efficiently either the bulk of supplies or price levels, and if imposed in the way that has been customary in the past, there is always a danger that they may be transferred to the consumer in higher retail prices.

However, under the system of control recommended here, they could be used advantageously to provide a fund from which costs of administration of marketing schemes can be paid and money provided for any subsidies or other assistance to the home industry which may be temporarily needed to maintain home prices at the standard rate.

If a complete form of organisation is created on the lines suggested above, whereby both home and foreign produce is purchased by the National Distributive Trust, the problem may well take a different form. The question of tariffs need not arise for the Trust could buy from abroad what was needed to make up the deficit in home production at the lowest price available in the world market. If this price were below the British standard price the Trust could put the difference to a special account available first for paying costs of administration, and then for subsidies or other assistance for home agriculture, or for reducing prices to the consumer. Alternatively the fund might be placed to reserve to be drawn upon if prices for imported food rise above the British standard price.¹

The regulation of imports has little value in itself; but it fits into the general scheme for securing the position of the farmer and increasing home production and the creation of an economic unit. With its support farmers will be able to develop their work without being exposed to the dislocation of the market that may arise from the dumping or other imports of food from

¹ See *The Rebuilding of Rural England*, by Montague Fordham.

abroad. It also helps to maintain a balance between supply and demand and so makes possible the scientific organisation of distribution, on the savings from which so much depends. Only if imports, and so supplies, are regulated does the maintenance of standard prices in many branches of agriculture become a workable proposition, whilst in the case of agricultural products whose prices are not fixed it gives farmers a certain measure of security. It is an important part of a general scheme.

CHAPTER VIII

BALANCING SUPPLY AND DEMAND

IN recent years the problem of balancing supply and demand has loomed large in the agricultural affairs of the world. It is constantly treated by economists as an international rather than a national matter. Our national policy should be directed to reaching an internal and national balance of supply and demand instead of allowing ourselves to be governed by an international balance which must fluctuate and is entirely outside our control.

In Britain the problem takes a special and somewhat artificial form. It is not a simple and direct problem of balancing production and consumption of food within the country, but is to a large extent controlled by national policy, based on political and financial considerations; its effect has been that the producers of other countries have had what is substantially a first claim on the home market. Were it not for the dominating influence of this policy the British farmer could go on rapidly extending his production in accordance with the needs of the nation. The regulation of imports will go some way to help us to deal with this special feature, but we have also to attack the home problem by direct action.

This home problem can be regarded from four different points of view: the regulation of production, the expansion of consumption, the maintenance of a regular demand, and the utilisation of surpluses when they arise.

We will take first the direct control of production. Here it may be noted that in the last century it was a widespread practice for farmers' leases to contain provisions for controlling in one way or another the cultivation of the land; thus, directly or indirectly, the crops were controlled, and this practice is not unknown to-day. The older farmers at any rate are therefore not unfamiliar with the idea.¹ There would be little objection from individual farmers to limiting production of any particular article if profitable alternatives were suggested. As has already been mentioned, a basic cause of our immediate difficulties is that farmers, driven this way and that by the changes in prices, are constantly turning over from one form of production to another, and thus creating temporary over-production in that branch of agriculture to which they turn. The market is thus dislocated and in due course prices fall: the farmers then turn to some other branch of industry which tempts them for the moment. In recent years, for example, the expectation of relatively good prices for milk and the low level of fat stock prices has invited stock farmers to turn to milk production and has created many difficulties. A fair standard price for all the main articles of production will destroy the inducement to chop and change, and will make it possible to suggest to farmers remunerative alternatives and so make control of production an easier matter. This is a problem that can best be dealt with through a National Federation of Agriculture, when one is formed. Moreover for that

¹ Such control of production has recently been introduced into this country in the of case hops and potatoes.

purpose a complete survey of the country is of primary importance, so that we may know how the land can best be utilised.

The second approach to the problem of securing a balance between production and consumption is by the expansion of consumption. The development of agriculture by increasing production, and so wealth, amongst agriculturists and those engaged in industries that are closely allied to, and provide the needs of, agriculture, in itself increases the consumption of food products, and so is a step in the right direction. Nevertheless, the main problem is the raising of purchasing power; the alternative, and still to some extent¹ popular, proposal of reducing prices to the consumer, with the object of increasing turnover, may well result in impoverishing producers by lowering wages or by unemployment following rationalisation of production. So, since producers are themselves consumers, it is liable to defeat its own ends.

Certain financial reformers of unorthodox schools of thought are facing this problem. They suggest that, in the main, the evil is one of lack of money amongst consumers, and they recommend that special money issues should be made to consumers as such, in order to create a balance between production and purchasing power. This proposal cannot be discussed here, but it should not be dismissed without consideration. The State already issues, out of special funds, allowances to

¹ See for example the address given by Lord Elgin to the Annual Meeting of the Carnegie United Kingdom Trust—*The Times*, 6th March 1936.

the unemployed and others which are largely used in increasing consumption. On the other hand, we visualise the general problem as one to be dealt with by raising the standard of living, and so the purchasing power, of the workers as a whole. It is certainly obvious that there are in this country millions of men, women and children, belonging to the ranks of the permanently or temporarily unemployed, who, living at a low standard of life, are suffering from malnutrition: they are all possible consumers of the food we can so easily produce, but their standard of life must be raised. They should certainly be consuming more eggs, milk, fruit and vegetables. Recent discussions about the consumption of milk have brought out some illuminating facts. Amongst poor families in many districts the consumption of fresh milk is negligible, whilst the English average consumption per head per week is only about $2\frac{1}{2}$ pints, as against $4\frac{1}{2}$ pints in the Netherlands.

Sir John Orr,¹ in an address given to the British Association for the Advancement of Science, in 1935, dealt with this problem: he said that there were 20,000,000 persons in this country living below a proper level of health and energy. To attain the output needed to provide these individuals with the food they need it would be advisable, in his view, to increase home production of milk by 42 per cent., that of fruit and vegetables by 53 per cent., and that of butter and eggs by 25 per cent. He suggests that this involves an increase of

¹ Sir John Orr, D.S.O., M.C., M.D., D.Sc., F.R.S., Director of the Imperial Bureau of Animal Nutrition.

consumption of food of the value of £200,000,000 a year at retail prices. The increased production would bring perhaps half a million individuals into work. Sir John suggests, quite rightly, that money now paid to the unemployed might be directed to this purpose. It may be added that we should thus be subsidising employment instead of unemployment. Such proposals involve a complete change in the nation's economic policy, which, though it conforms with the theories that underlie this book, cannot be discussed at length here. But in our view the standard of living amongst our working population as a whole could be raised by applying to industry the functional method here advocated for agriculture. Meanwhile it should be observed that something is being done to develop consumption without a complete change of policy. A market for surplus milk has recently been found in our elementary schools, and the idea underlying this action has wide application. Why should not surpluses be definitely directed to use in other public institutions, such as workhouses, and in the army, and also maybe provided for the unemployed? This problem is being widely discussed at the time of writing and the Government has promised to consider what can be done.¹

There are other ways of dealing with the surpluses that under any system must occasionally arise. We have to provide channels into which these surpluses can flow. Much can be done by the provision of granaries to store surplus corn, of canneries and cold storage for

¹ See Appendix, note 12.

surplus fruit and vegetables, of factories for turning potatoes into flour (one of the best forms of food), and milk into cheese and butter, and so forth. Moreover in some cases, particularly potatoes, we can utilise our surpluses as cattle food.

Surpluses having been considered, the question of shortages will naturally occur to the minds of readers. Under the system here recommended there is little likelihood, except in case of war, of deficiency of supply. Nevertheless shortages of specific articles of food may sometimes occur, as they do to-day. The price problem may then have to be considered by the appropriate authority in relation to the special facts of each case, but in our view such shortages, if they affect the main necessities, should not be reflected in undue rises of retail prices.

There is no possibility of creating and preserving absolute equality of supply and demand, but the balancing will be greatly helped if we can secure the maintenance of a regular demand. In the administration of the Agricultural Marketing Acts one of the great difficulties has been the variation of the consumers' demand for specific articles, especially bacon. These variations were found to arise from quite small changes in retail prices. The variations of demand would be reduced if wholesale prices did not themselves vary, in which case retail prices, and so demand, would tend to be uniform, and the evil would be almost entirely obviated if, as recommended elsewhere, retail prices were fixed concurrently with wholesale.

CHAPTER IX

FINANCE

WE do not overlook the financial problem. We recognise that, as Mr McKenna,¹ a great banker, and at one time Chancellor of the Exchequer, said on one occasion, "They who control the credit of a nation direct the policy of governments and hold in the hollow of their hands the destiny of the people."

To-day, in this as in almost every other country, the working farmers, large and small, are as a rule heavily in debt. In this country liabilities may extend not only to bankers, dealers and other middlemen, but also to a special class called "farmer-dealers," who combine farming, dealing and the lending of money to their fellows.

It is clear that to-day the working farmers have, as a rule, little security to offer, if further advances are needed for development of their business. The institution of standard prices and orderly marketing will in themselves create a security on which, it is hoped, bankers may be willing to make advances; it may be that with this security the bankers will be able to deal with the situation, if and when the revival of agriculture

¹ The Right Hon. Reginald McKenna, P.C., has held several Cabinet posts: Chancellor of the Exchequer, 1915-16. Chairman of the Midland Bank from 1919 to present date.

becomes part of our national policy. Alternatively or concurrently the Agricultural Mortgage Corporation and the Lands Improvement Company might be placed on broader bases and given extended powers. Another suggestion, favoured by some authorities, is that special agricultural credit banks, organised on the co-operative lines that have been so successful on the Continent, might be founded: these banks might work in close co-operation with the National Federation of Agriculture.¹

Credit for development has to be provided under some appropriate system. But it is well to remember, as has been already stated, that increase of credit does not itself solve the problem of the farmer's money difficulties; a farmer has to get out of debt, and this he cannot do by further borrowing unless the funds borrowed can be used for profitable enterprise. His debts have somehow to be reduced to a reasonable level.

Finance will also have to be provided for new processing factories and the like, and for the purposes of the National Distributive Trust. Finally it may be pointed out that when a National Federation of Agriculture is created, it may require an appropriate financial system.

¹ See Appendix, note 13.

PART THREE
THE NATIONAL ORGANISATION OF
AGRICULTURE

CHAPTER X

AN AGRICULTURAL FEDERATION AND A NATIONAL FOOD COUNCIL

(i) THE AGRICULTURAL FEDERATION

IT is hoped that three important things are now clear: the first, that the future of British civilisation depends on the revival of agriculture and its reinstatement in its proper position in our national life; the second, that this revival, if it is to take its true part in the solution of our national problems, must be directed to the absorption into agriculture and related industries of those workers of all classes who cannot be employed through the development of overseas trade or in certain other forms of employment that might be developed with advantage to our national life; the third, that the economic policy needed to secure this result must be based on standard prices, the scientific organisation of distribution and processing, the regulation of food imports, the balancing, so far as possible, of supply and demand, and the provision of the necessary credit for development.

We have now to consider the form of the organisation, and the nature of its directorate, that will secure the results at which we are aiming, for without an appropriate organisation and efficient directors we are bound to fail. We have to create a constitution for agriculture. It is a

strange thing that the idea of a constitution for the government of our economic life, though admitted by many sociologists and politicians of varying shades of opinion, has never been given a practical form.

What form should the needed organisation take?

It must be "functional," that is, formed with a clearly defined purpose and endowed with the necessary powers to carry that purpose out. We have also to bring the agricultural problem within bounds, so that control can be exercised. A problem has, of course, to be dealt with in relation to its surroundings, but it has also, for purposes of action, to be isolated. But this is not all. We have to obtain directors for our constructive work who have the knowledge of the subject and the power and interest to work out solutions; for it is only when men of capacity who mean business come upon the scene that obstacles disappear and solutions are worked out.

These three principles, the bringing of a problem within bounds that make control possible, the grant to the organisation of sufficient power to deal with details, and the provision of efficient directors govern all constructive work whether it be on a large or small scale. One has seen them being applied to economic and social problems on a large scale by Mussolini in Italy, by Stalin and his associates in Russia, by Roosevelt in America. Such measure of success as Mussolini and Stalin have had in getting their policies adopted—whether they be good or bad is immaterial to the point—depended on their creating efficient organisations and securing effective control, and it was from want of these necessities that

Roosevelt has been constantly defeated. The principles are equally fundamental in minor matters. One can see them being applied by a business man building up a great commercial enterprise, or by a farmer managing a farm. The farmer, in particular, realises these essentials intuitively. His business being constructive and creative requires control. He has to get it "into his mind" and "under his hand," as he would say, and even then everything depends on continuous thinking and continuous action. All his work will be hampered and indeed may be undermined if, for example, his financial arrangements are not in his own control but in that of his banker, or if outsiders are entitled to rush in and spoil the market on which he depends to secure both a just reward for his work and the further funds needed to carry it on.

At the present time there is no clear-cut controlling organisation that can direct a national agricultural policy either in general outline or in detail, whilst so far as there is any measure of control it is largely in the hands of politicians. There is no reason to attack politicians. They are doing extremely important work under conditions of great difficulty. In recent years (1932-35) agriculture and the nation owe a debt of gratitude to Mr Walter Elliott, the Minister of Agriculture, and the Earl de la Warr,¹ his late Parliamentary Secretary, who have attempted with great courage, though perhaps with insufficient support from the Cabinet and the agriculturists themselves, to initiate and carry through a

¹ The Earl de la Warr, Parliamentary Secretary to the Minister of Agriculture, 1930-35.

comprehensive agricultural policy. Where they have failed, the failure is largely due to the character of our political life and organisation.

Nevertheless, whilst we are not ungrateful to politicians for what has been done already, and we recognise that at any rate the outlines of our national agricultural policy must be laid down by Parliament, it appears to us undesirable that the working out of the detail of agricultural policy should rest with politicians. This opinion is based on the following considerations. The basic problems are economic and sociological rather than political, and in the economic sphere at any rate politicians are admittedly, with rare exceptions, not too well informed and have little time for intensive study. Then we note that political life leads to over-emphasis of the value of discussions, which in fact often degenerate into wrangles; as a result it constantly happens that questions that ought to be settled after a few hours of careful consideration, may be discussed in Parliament at great length and then adjourned, with the result that a settlement of immediate issues is postponed even from session to session.

But there is another reason why political control must fail. Continuity of action is essential for success, and that can never be obtained from politicians. "Whatever one Parliament does," has said Mr Baldwin,¹ "it is in the power of another Government to confirm, to increase,

¹ Rt. Hon. Stanley Baldwin, P.C., Prime Minister of Britain, 1923-24, 1924-29, 1935-36. For many years Leader of the Conservative Party.

to diminish, and abolish"; whilst Mr Lansbury¹ went further when he declared that "in future the Labour Party would have no use for continuity." Moreover it is not only that changes of policy come with changes of Government. The same Government may change its policy, or at least the detail of its policy, from one year to another. British agriculturists have, indeed, had bitter experiences of such changes of policy, both before and since the War.

If, therefore, political control, save over the outlines of national agricultural policy, is to be ruled out, we turn to consideration of the course suggested in this book which provides, it is to be hoped, the right solution. It is based on what is called in sociology "functionalism," that is, the art (or science) of organising for the essential purpose. It is what proverbial philosophy recommends with the phrase: "Mind your own business." The sociologist labelling himself a "functionalist" may well agree with the man of common sense who asserts that it is desirable to mind your own business. Both, if logical, may go on to agree that the farmer's business is to farm, that is, to develop production of food and other products on his land, and that the business of agriculturists as a community is similarly to develop and control production on the land as a whole for the advantage of the nation as a whole.

We recommend then that a Federation of the agricultural interests should be entrusted with the work of

¹ Rt. Hon. George Lansbury, P.C., First Commissioner of Works, 1929-31; Leader of the Parliamentary Labour Party, 1931-35.

restoring agriculture to its proper position in our national life. We are not, however, so sanguine as to suppose that any Government would create a Federation with the wide powers and responsibilities that are needed for this purpose. It is, however, possible that Parliament might be persuaded to institute a Federation with an advisory position and thereafter subsequent Parliaments might enlarge its powers and rights. Having made this reservation, we will consider the case for creating such a Federation and the work it should undertake.

The first advantage of such a Federation is that explained by the late Lord Milner,¹ perhaps the most brilliant advocate of the functional method in modern times. "This method," he has stated, "places the onus of improving the conditions of the industry upon the people engaged in it instead of attempting to effect such improvement by external pressure." But this advantage does not stand alone. It must be well known that the want of a comprehensive authority representing agricultural interests with which Governments can negotiate has, in recent years, caused innumerable difficulties and delays, and rendered almost impossible the building up of an agricultural policy. The late Sir Basil Blackett² in his work entitled *Planned Money*

¹ The Rt. Hon. Lord Milner, K.G., *b.* 1854, *d.* 1925. Amongst many other posts this statesman held the office of High Commissioner and Governor of the Cape Colony in 1900 and was subsequently High Commissioner and Governor of South Africa. He was Minister of War, 1918, and Colonial Secretary, 1919.

² Sir Basil Blackett, K.C.S.I., *b.* 1882, *d.* 1935. Amongst other posts held by him was that of Director of the Bank of England. His

emphasised in this relation the importance of the functional type of organisation, to the State as well as to agriculture. He considered that agriculture, in common with other branches of economic life, must be organised "as a whole" and "must meet the Government" as "an organised functional" body "capable not only of receiving orders from the Government but of being entrusted by the Government with wide powers of co-operative action." These are the two main advantages of the line of action recommended.

How then should such a Federation be formed? Unless we are prepared to appoint a dictator, a method entirely unsuited to our English tradition, we must depend on democracy; there is no compromise. If therefore we accept democracy, membership of the Federation should be broadly based, including all those cultivators who market their produce, and also the other workers on the land. It might also be extended to include the village craftsmen and other country people working directly for agriculturists. It might possibly with advantage include the directors and employees of village mills and local bacon factories and others concerned in converting produce into food. But the important thing is to draw producers together into a clearly defined organisation.

The Federation should be decentralised so far as is possible. There might well be elected District Com-
chief work lay in advising the British Government on finance in the years after the War; he was also at one time Finance Member of the Viceroy of India's Executive Council. Keenly interested in social problems, he was for some time President of the British Social Hygiene Council.

mittees, who might appoint in their turn one of their members to a County Committee, which might in its turn select members from their number to a Central Council, the Parliament of Agriculture. The Central Council would be most likely to be effective if it were limited in number: one hundred members would be ample. The Federation might absorb certain of the present organisations dealing with agricultural problems, and also take over the work of the various Marketing Boards, and other Authorities formed recently under the Agricultural Marketing Acts; it might perhaps undertake the agricultural business of the County Councils. It could work through specialised Committees like a City or County Council. The Minister of Agriculture might be its President. It might be desirable to pay representatives, but even if this were so, the cost would be microscopic in relation to the issues; payment would help the position of those agriculturists who have no money to spare for public work, and so enable them to give time and energy to it.

This form of organisation is suggested, but the suggestion is not made dogmatically: there may be better forms. There are, however, certain advantages in this form. It reduces elections to one, that of the District Committees, and it leaves it to those Committees and the County Committees to appoint the men they know to be suited to the job. It would also create vital local interest, and should win the general confidence of and support from the farmers and labourers and others concerned in the agricultural life of the country. It

would draw together personal, local and national life, an essential if we are to make our people vitally concerned in national interests. It would put power into the hands of the people specially concerned with the problem, and so could hardly, like the politicians of the last hundred years, lose sight of the primary objective to obtain for agriculturists a price for their produce that will sustain the industry in a high state of efficiency.

Something may next be said of the detailed work of the Federation when formed.

How far such a Federation should intervene in the particular problems that arise out of our system of land tenure is a matter of opinion, and in any case cannot be dealt with here, but it should advise and possibly take action on such questions as electric supply, drainage and irrigation. But the production of what is needed to supply the home market should be its main objective. This can only be effectively dealt with after there has been a complete survey of the land of Britain as a whole. With this information before it, and a knowledge of what should be produced at home, it would be possible to advise farmers what they should produce in order to bring about, so far as possible, a balance between supply and demand. It might go further in some cases and exercise direct control over production. The problem of dealing with surpluses should also be dealt with by the Federation. Then comes the all-important problem of absorbing into agriculture and the closely related occupations a far larger proportion of our workless of all classes. Here, as has been already pointed out, we

can do little so long as, on the one hand, our national policy is directed to bringing the greater part of our food from abroad, and, on the other, the marketing of the increased produce that will be created remains unsettled. However, the Federation when formed, whilst fighting for the development of agriculture as part of our national policy, should support all practical schemes for increasing employment on the land and for the extension of allotments. Agricultural education and research should also be fostered by the Federation.¹

The relation of the Agricultural Federation to the nation remains to be considered. Here a specific suggestion is made.

(ii) A NATIONAL FOOD COUNCIL

Undoubtedly there is a real danger that a Federation of the agricultural interests will put the interests of the producers before those of the consumer and even of the nation; but national interests must ultimately control the whole situation, and those in their turn need a special form of organisation. On this something remains to be said.

Ultimately all problems of trade and industry may be dealt with on lines similar to that here recommended for agriculture, and an Industrial Parliament may deal with all agricultural and industrial questions. But the importance and value of such a line of policy is insufficiently understood in this country, and is viewed with suspicion by our elder statesmen, who have been brought up in a

¹ See Appendix, note 14.

different tradition. For the moment such a policy is therefore outside the sphere of practical politics. A more immediately practical proposal is the creation of a National Food Council to represent the interests of the nation as a whole, and to control our agricultural policy from the national point of view.

On such a National Food Council, not only the Government, but producers and consumers and possibly other interests, should be represented. The Council should take ultimate responsibility for scales of prices and for minimum rates of wages which should be settled so far as possible concurrently. It should decide or at least advise the nation on how far we are to produce our own food and how far we are to import it, and exactly what food we should produce; that is to say, it should, in conjunction with the Federation, outline how much of the various products of agriculture—wheat, meat, milk, poultry, eggs, fruit, vegetables and flowers—should be produced at home and how much should be imported. It should further concern itself with the all-important problem of the increase of home consumption of home-produced food. Then the Council should see that the various parts of the problem are dealt with and solved concurrently, so that, for example, the control of imports interlocks with home production, and the control of production and the methods of using and storing surpluses should connect up with distribution and processing.

Acting in the national interest as a central controller, it would gradually, by continuous work, find a solution of all our agricultural problems.

A National Federation of Agriculture, acting in conjunction with a National Food Council, is then the form of organisation recommended to deal with our agricultural problems.¹

Whilst the relations of these organisations to Parliament and the Government is a matter that would require a more exhaustive examination than can be given here, it may be observed that ultimate control of at least the outlines of national agricultural policy would undoubtedly for many years be retained by the Government of the day. The function of the Food Council, acting in conjunction with the Federation, would probably be to make recommendations to the Government of the day on the questions they were not empowered to deal with themselves, such as the extent of home production and imports; these recommendations might then be embodied in Government orders.

¹ See Appendix, note 15.

CHAPTER XI

A FINAL COMMENT

WE have been concerned to lay down in this book the main issues of our agricultural problem and to indicate a policy that will deal effectively with these issues. The policy has been arrived at after many years of continuous detailed investigation of rural problems in this and other countries. This investigation is the most comprehensive that has yet been made, and has been accompanied by study of various large scale practical experiments, in some of which members of our Association have taken leading parts, concerned with rural problems in this country, in Central Europe, in India and elsewhere.

Though this policy has secured the opposition usually accorded in England to new ideas, it has been accepted in many of its details, and to some extent in principle, by three successive Ministers of Agriculture,¹ incorporated into legislation, and in part applied. There has been a considerable measure of success, whilst where there has been failure it has been due, we suggest, to the somewhat hasty and piecemeal methods of applying the policy rather than to the policy itself. We ask that this policy

¹ The Rt. Hon. Christopher Addison, M.D., Minister of Agriculture, 1930-31. The Rt. Hon. Sir John Gilmour, Minister of Agriculture, 1931-32, and The Rt. Hon. Walter Elliott, Minister of Agriculture, 1932-36.

should be accepted as a whole. We do not mean that it can all be carried out at once; what is needed is a general plan of action applied in instalments.

Finally we desire to say that the revival of agriculture is not advocated for itself alone. It leads naturally to a complete change of national policy, which will give new life to the material and spiritual growth of the nation.

APPENDIX

NOTES

1. (i) NOTES ON LEGISLATION AND ON THE SCHEMES FOR MARKETING OF AGRICULTURAL PRODUCE CONFORMING WITH THE ECONOMIC THEORY AND PRACTICAL PROPOSALS PUT FORWARD IN THIS BOOK.

See page 23

Full information can be obtained by reference to the "Agricultural Register" issued annually by the Agricultural Economic Research Institute, Parks Road, Oxford

The legislation and the schemes arising from it deal directly with (1) Sugar Beet, and (2) Wheat, whilst (3) The Agricultural Marketing Acts (1931-35) make provision for the fixing of prices and the organisation of marketing of agricultural products in general through special schemes for specific products; these schemes are brought into operation through administrative orders.

(1) *Sugar Beet*.—The new policy in this case was initiated by the British Sugar (Subsidy) Act, 1925. The Treasury, under the provisions of this and subsequent

Acts, has made a contribution out of national funds, to the manufacturers of the finished product, *i.e.* the sugar factories. Concurrently, rebates have been given, by a preferential duty, on home-produced sugar. As the outcome of this legislation many sugar factories have been started throughout the country, some with the support of Government loans. A standard price as between factories and farmers is fixed year by year in accordance with an elaborately computed scale, after negotiation between representatives of the producers and the factories.

The area brought under cultivation in 1935 under this scheme was 374,753 acres; the subsidy for the same year amounted to £2,775,000, and the rebate on excise duties to £2,438,000.

The scheme at the time of writing (April 1936) is being revised and new legislation is before Parliament. The subsidy is now to be limited to 560,000 tons of white sugar annually. The factories are being drawn into a single corporation.

(2) *Wheat*.—The policy adopted in this case by the Government was initiated by the Wheat Act of 1932. This policy followed in its general outline the suggestions of the Rural Reconstruction Association, the bill being introduced into Parliament by the Minister of Agriculture as a proposal for securing “a Standard Price for Wheat.”

The Treasury under this Act distributes a subsidy—a “deficiency payment”—direct to such farmers as grow and sell wheat of a millable quality to the millers. The

total amount of the subsidy is then collected by a levy on the millers and on imported flour. The millers presumably allow for it in arriving at the selling price of flour, which is fixed from time to time by arrangement in which the millers are concerned. The normal deficiency payments are at a flat rate per hundredweight, calculated to bring the total average returns to growers up to 10s. per hundredweight. But the amount of wheat on which the subsidy is paid is limited to 27,000,000 hundredweights, with the result that when the total amount of the home-produced wheat coming under the scheme increases above that figure, the amount per hundredweight paid to individual farmers is reduced.

The control of the administration is in the hands of a Wheat Commission.

(3) *General Schemes.*—A new line of policy that can be applied through special administrative orders to any agricultural product was initiated by the Agricultural Marketing Act of 1931. This Act, carried through Parliament by the Labour Government then in power, was, it is claimed, the direct result of many years of intensive educational work carried on by the Rural Reconstruction Association and its friends within the Labour Party.

The main objective of the Marketing Act of 1931 and of the subsequent Acts that modified or extended it was the institution of Marketing Boards representing producers of specific products in order to exercise a

measure of control over prices, production and processing, and also over the initial stages of the distribution of the specific products. Distribution as a whole is not dealt with.

The preliminary step (save in the case of hops and potatoes, where direct action was taken) was the appointment of a Commission to study each specific problem. Such Commissions have been appointed to deal with Pigs and Pig products, Milk, Fat Stock, Poultry and Eggs; all these Commissions have reported. Thereafter schemes were prepared, based to some extent on the reports of the Commissioners. When these schemes have been accepted by the producers and by Parliament, the next step is to place their administration in the hands of specially constructed Marketing Boards, which are ultimately elected by the producers. Schemes have been prepared and Boards have been established to deal with hops, pigs and bacon, milk, and potatoes.

Some measure of control of the administration rests with the Ministry of Agriculture.

Various examples of the action taken by these Boards are given in the text.

(ii) DIFFICULTIES IN ADMINISTRATION.

See page 23

Farmers and the public generally are puzzled as to the reason why these schemes work inefficiently in many details, and have to be constantly modified; why, as has been said, the method of "trial and error" was adopted. This confusion arose no doubt in part from

the fact that a comprehensive scheme for dealing with agriculture as a whole had not been worked out in advance, and in part because various important aspects of the problem had not been sufficiently considered in detail. A study of the reports of the Commissioners will throw light on this subject. On such study it will be observed that these reports do not deal with many basic issues. They do not, for example, explain the exact principles on which standard prices should be fixed; they do not show clearly the relation of the organisation of production and the initial stages of marketing to the general problem of distribution: nor do they deal sufficiently with the question of equalising supply and demand. Dealing admirably with certain practical details, they avoid rather than face the main issues. Had the problem been fully faced by the Commissioners as a whole, and appropriate provisions included in the schemes, many of the mistakes would have been prevented. The modifications in the schemes now being made at the instance of the Boards themselves or the Government should produce a better working system.

2. AFFORESTATION. See page 31

The importance of Forestry is not overlooked. The exact steps that should be taken and the area that could be dealt with is a matter for specialists: but it is generally agreed that there are millions of acres of land suited for afforestation, that very many thousands of men could be employed in the preliminary work, of whom a large proportion could be permanently employed.

3. PARTICULARS OF THE IMPORTS TO THE UNITED KINGDOM OF AGRICULTURAL PRODUCE OF THE CHARACTER PRODUCED AT HOME, FOR THE YEAR 1934. See page 35

	£ million	
Wheat	27·6	
Wheat Meal and Flour	3·1	
Other Cereals and Cereal Products	10·5	—
Total Cereals		41·2
Live Animals. Total		5·3
Beef and Veal	22·3	
Mutton and Lamb	18·1	
Bacon and Hams	33·2	
Pork and other Pig Products	5·0	
Other Meat	1·2	—
Total Meat		79·8
Butter	33·3	
Cheese	7·0	
Milk Products and Cream	3·5	—
Total Dairy Products		43·8
Fruit	9·3	
Vegetables	8·4	
Fruit in Sugar and Jam	5·8	
Flowers and Bulbs	2·1	—
Total Fruit and Vegetables		25·6
Eggs	8·9	
Poultry	1·7	—
Total Poultry and Eggs		10·6

	£ million
Sugar (unrefined)	13·3
Wool	37·1
Beer	4·7
Lard	3·9
Tallow	0·9
Hides and Skins	6·7
Flax (not including Tow)	2·4
Total Sundries	18·6

Total Imports of Products of a character
which we produce in the United
Kingdom £275,300,000

Extracted from the "Annual Statement of the Trade of the United Kingdom, 1934," Vol. III, and from the "Accounts relating to Trade and Navigation of the United Kingdom, December 1935"

4. EMPLOYMENT ON THE LAND. See page 35

Much discussion has arisen on the recent reduction of the number of workers on the land. Though to some extent this reduction arises from the use of machinery and the rationalisation of the various processes of agriculture, it is in part due to the impoverishment of farmers, who are constantly forced to cut their labour bill to the lowest possible figure.

On the other hand the reduction of workers who come under the heading of agriculture in census and other reports may be counterbalanced by an increase of

workers engaged in preparation of feeding stuffs and fertilisers and in dairy work, jam making and so forth, and also in transport. In former days, and to some extent in recent times, the corresponding workers would have been classified as agriculturists, since the work of this character was largely done on the farms.

It should also be noted that there are in country districts large numbers of individuals who, though cultivating the land in conjunction with other occupations, are not classed as agriculturists.

The cost in unemployment benefit, arising from the agricultural decadence, of keeping 1,000,000 workers out of employment is computed at £50,000,000 a year.

5. IMMEDIATE DEVELOPMENT OF FOOD PRODUCTION. See page 41

It is a matter for specialists to decide exactly which branches of agriculture should be dealt with first. The development of pork and bacon, milk, butter and cheese, poultry and eggs, fruit and vegetables, appears to be of immediate importance. Wheat production may well be extended where land and climate are suitable, if it be only to secure our position in case of war, whilst rye could be grown on land that is not suited for wheat. There are also clearly possibilities of increasing our supplies of stock and of sheep. Flax growing might be developed in suitable areas. How far the growing of sugar beet should be extended is a matter of opinion.

6. INCREASE OF PRODUCTION IN ITS RELATION TO COSTS. See page 41

Some economists argue that increase of output will be accompanied by increase in the cost of production; others take the opposite view. Under the standard price system the point does not dominate the situation, for farmers will produce what it pays them to do within the limits of the standard price, and the balance comes in from abroad at the lowest price available.

7. THE SHIPPING PROBLEM. See page 45

Analysed from the point of view of economics, shipping appears as a distributive rather than as a directly productive occupation. It is not arguable that the mere moving of goods backwards and forwards across the seas, though it gives employment to both men and capital, has in itself an economic value.

We have, however, to face the fact that if we develop agriculture and reduce imports on a large scale there may be unemployment in shipbuilding, and also amongst sailors and dock labourers.

The exact effect of developing agriculture on the shipping industry is one of the problems that requires full investigation. Such inquiries as we have been able to make show that if we were to reduce the imports of food by the absolute maximum of £200,000,000 a year, the number of men employed in all branches of the industry (including dock labourers) could hardly be

reduced by more than 100,000 as against a computed increase of 1,000,000 in agriculture and further possible gains in related industries.

8. PAYMENT OF INTEREST AND DIVIDENDS ON FOREIGN INVESTMENTS IN AGRICULTURAL PRODUCE OF THE CHARACTER THAT WE PRODUCE IN THIS COUNTRY.

See page 45

This is a question on which complete investigation has yet to be made. It may, however, be here noted that a large part of the agricultural imports that come from Canada, Australia, New Zealand and the Argentine, countries where we have large investments, are utilised to pay the interest and dividends on such investments.

9. THE COMMON INTEREST OF PRODUCERS AND CONSUMERS. See page 59

It is constantly stated that there is a conflict of interest between producers and consumers in regard to prices, and much of our national economic policy is based on this alleged conflict. Nevertheless, though the statement is to some extent true the conflict is not irreconcilable. Whilst the consumer is not necessarily a producer, the producer is always a consumer. For such producer-consumers there is a basic interest to secure a fair return to the worker for his work and only

so far as it is compatible with this, the lowest price to the consumer. This applies equally to food and other goods that are of the nature of necessities. This basic interest is in harmony with the interest of the State of which the policy should be to keep the population employed with a fair remuneration for their work.

10. SUBSIDIES. See page 70

Subsidies in their present form are in effect a transfer by the State from one section of the community to another of wealth that can, in the view of the State, be employed by the recipients to the advantage of the nation. Subsidies to agriculture at the present time may be defended on the ground that they result in an increase of national wealth, and so incidentally spread and lighten the burden of taxation, and also as a means of increasing employment and so reducing the costs of unemployment. Defenders of this point of view say: "We prefer to subsidise employment rather than unemployment." If subsidies are looked at from this viewpoint, it is important to be sure that they will have the exact effect claimed for them, and that there is a nett gain.

Subsidies may be paid out of general taxation, by tariffs or levies, or out of reserve funds arising from the purchase of agricultural products from abroad below the standard national rate. Economists of the orthodox schools usually advocate that they should be paid out of general taxation. But they certainly should not be a permanent necessity for agriculture, as the savings that

will be effected by the scientific organisation of distribution will provide a sufficient fund to put production on a sound economic basis.

Temporary subsidies may also be defended as they are in the text as a means of paying the cost of change over from one economic system to another.

At the present time it might be advantageous, as Professor Stapledon suggests, to employ subsidies for land reclamation. They might also be given with advantage to aid the distribution of surpluses to the unemployed and other impoverished classes by sale at a reduced retail price.

II. COLLECTIVE AND CO-OPERATIVE MARKETING, ETC. See page 81

In any organisation of distribution it is important from the point of view of efficiency and economy to see that the local purchasers have a first claim on the output of the locality. Here collective or co-operative markets, as advocated, and being instituted in some cases by the Land Settlement Association, the Collective Country Markets Association and the Women's Institutes, in which groups of local producers sell their products direct to consumers in markets in small towns and other suitable centres, are of considerable value and might well be extended: they are of special importance in connection with new schemes of land settlement. Such markets are carried on at a very low cost in relation to the turnover. Twenty-five per cent. is suggested as a fair commission to cover expenses on sales. Markets might also

be founded with advantage in the boroughs and suburbs of London and other great cities. Direct delivery from farmers to customers especially common in the milk trade might well be retained within the general scheme of distribution, though price competition in a local area should not be permitted. This principle is already accepted in the milk trade.

12. SALE OF SURPLUSES. See page 97

In the fruit and vegetable trades to-day, in many markets, surpluses are sold to costermongers at purely nominal figures and are then retailed at very low prices in the poorer quarters of the towns.

13. CONTROL OF FINANCE.* See page 100

Some students of this subject, who are of opinion that a basic evil in our economic system is the subjection of producers to financiers, consider that it is desirable that the Federation of Agriculture should control its own banking system.

14. THE WORK OF THE AGRICULTURAL FEDERATION.* See page 112

Some writers on this subject have argued that the main advantage of an Agricultural Federation will be that the Federation will be able to deal conjointly with

* The Association is in no way committed to the special views set out in notes 13, 14 and 15. The opinions there expressed are put forward as matters of interest.

the triple problem of the increase of machinery and rationalisation, the reduction of hours of labour, and the raising of rates of wages. By this means it may be possible to secure that such increase of machinery and rationalisation is not reflected in the creation of unemployment but in reduction of hours of labour and raising of wages.

15. THE FUTURE OF AGRICULTURAL ORGANISATION.* See page 114

Some students of this subject suggest that the whole problem of land tenure and food production can be dealt with, with the greatest advantage to the producer and the greatest economy to the consumer, through a comprehensive policy based on vesting the land in the community and organising agriculture as a whole as a public service. They suggest that if such a policy were adopted the present-day framework of agricultural production could be preserved and yet a greater measure of freedom secured to the individual than he attains to-day under the pressure of competitive forces which he can neither understand nor control. This proposal is supported by a suggestion that at the head of such an agricultural service, elected and promoted from it, should stand a directing council and thus agriculture would be controlled by men and women who having been right through the ranks from student or labourer to farmer or district manager will be set free from other duties to attend to the guiding and representing of the whole industry.

NOTE

The Executive Committee of the Rural Reconstruction Association, Le Play House, 35 Gordon Square, London, W.C. 1, who take responsibility for the issue of this book consists of:

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The Committee wish to express their thanks to Miss Ruth L. Cohen, M.A., of the Agricultural Economics Research Institute, Oxford, who, notwithstanding that she is not altogether in agreement with the views of the Committee, has kindly given great help both through her criticisms and the preparation of facts and figures.

This book has been prepared with every possible care ; if errors have crept in, we welcome correction.

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